

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Robert F. Friedman and Sharon L. Friedman
Business Address 401 South First Street, #1602, Minneapolis, MN 55401
Project Name (*): KAHI LUANA
Address: Kaunalumalu, North Kona, Hawaii 96740
Registration No. 4229 (Partial conversion)
Effective date: July 31, 2007
Expiration date: August 31, 2008

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.
Final: (white) The developer has legally created a condominium and has filed complete information with the Commission.
X SUPPLEMENTARY: (pink) This report updates information contained in the: Preliminary Public Report dated: Final Public Report dated: September 17, 1999
And [X] 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
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0107

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:

1. All pages: This Supplementary Public Report replaces the Final Public Report with an effective date of September 17, 1999.
2. Page 1, et seq.: Robert F. Friedman and Sharon L. Friedman (the "Developer") have replaced Sidney T. Mizukami (as Trustee of the Sidney T. Mizukami Revocable Trust dated November 9, 1994), as the Developer of the Project. Copies of the deeds by which the Project was conveyed to the Developer are being submitted to the Real Estate Commission together with this Supplementary Public Report.
3. Page 2-2a: Summary of Changes from the Final Public Report are noted herein.
The portion of the "SPECIAL ATTENTION" section addressing the Planning Department's lack of response to Developer's submittal of the Notice of Intention, proposed condo map and plot plan and public report was deleted.
4. Page 6: Sections II.A. and II.B. were supplemented to reflect the recordation of the First Amendment to Declaration of Condominium Property Regime of Kahi Luana and Condominium Map 2939, a copy of which is being submitted to the Real Estate Commission together with this Supplementary Public Report.
5. Page 7: Section II.E.2. was supplemented with additional rights that have been reserved by the Developer.
6. Page 9: Section III.B. was supplemented with a street address for the Project.
7. Page 10: Section III.C. was revised to indicate that a replacement storage shed was constructed on Unit A and that the storage shed on Unit B was replaced with a farm dwelling, and to describe the principal construction material and uses permitted by the applicable zoning.
8. Page 11: Section III.C.6. was amended to reflect the current descriptions of the Units.
9. Page 12: Section III.C.7. was amended to reflect revisions to the description of parking stalls.
10. Page 14: Section III.E. regarding Encumbrances Against Title was amended to reflect an updated title report dated June 13, 2007, issued by Title Guaranty of Hawaii, Inc.
11. Page 15: Section III.E. regarding Blanket Liens was amended to reflect the existence of a mortgage
12. Page 16: Section III.G. regarding Status of Construction and Date of Completion or Estimated Date of Completion was updated to reflect the completion of a farm dwelling on Unit B in 2001 and the completion of a replacement storage shed on Unit A in 2007.
13. Page 18: Section V.A. was amended to refer to a new Escrow Agreement dated May 15, 2007.
14. Page 19: Section V.B.2. was amended to reflect the amendments to the Declaration of Condominium Property Regime of Kahi Luana and Condominium Map 2939 and the extension of the deadline under the Additional Farm Dwelling Agreement to obtain a building permit for the additional farm dwelling on Unit A.

Information regarding the source of reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107 was replaced with the internet websites for obtaining said documents.

15. Pages 20 & 20a Section V.C. regarding farm dwellings was supplemented regarding the current status of an Additional Farm Dwelling Agreement for Unit A.
16. Exhibit "A" Exhibit "A" as amended to reflect the descriptions of the current buildings on Units A and B.
17. Exhibit "B" Exhibit "B", Common Elements and Limited Common Elements, attached hereto, was amended to reflect the reconfiguration of Units A and B, and an access and utility easement across Unit B in favor of Unit A.
18. Exhibit "C": Exhibit "C", Encumbrances Against Title, attached hereto, was updated based on a recent title report.
19. Exhibit "D": Exhibit "D", Estimate of Initial Maintenance Fees and Disbursements, was updated with information regarding the maintenance of an access and utilities easement over Unit B in favor of Unit A.
20. Exhibit "F": Exhibit "F", Summary of Condominium Escrow Agreement, was revised to reference the current Condominium Escrow Agreement dated May 15, 2007.
21. Developer has executed a new Escrow Agreement with Title Guaranty of Hawaii, Inc., a copy of which is being submitted to the Real Estate Commission together with this Supplementary Public Report.
22. Developer has executed a new Exclusive Right-To-Sell Agreement with Clark Realty Corporation, a copy of which is being submitted to the Real Estate Commission together with this Supplementary Public Report.
23. A current Deposit Receipt Offer and Acceptance ("DROA") form is being submitted to the Real Estate Commission together with this Supplementary Public Report.
24. An updated form of the Apartment Deed is being submitted to the Real Estate Commission together with this Supplementary Public Report.
25. An updated title report is being submitted to the Real Estate Commission together with this Supplementary Public Report.
26. Copies of an Additional Farm Dwelling Agreement dated May 9, 2005 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-172026, and a letter from the County of Hawaii Planning Department, dated April 11, 2007, by which the deadline for securing a building permit for the additional farm dwelling was extended to on or before May 10, 2009, are being submitted to the Real Estate Commission together with this Supplementary Report; see Exhibit G.
27. A copy of an Affidavit of Publication of a Notice of Completion for the storage shed on Unit A, which was published in *West Hawaii Today*, and was filed in the Circuit Court of the Third Circuit on April 9, 2007, is being submitted to the Real Estate Commission together with this Supplementary Report.
28. The Final Report for this Project was effective September 17, 1999 and expired on October 17, 2000; however, it is recommended that the Final Report be read together with this Supplementary Report since most of the information is pertinent except for changes noted above.

SPECIAL ATTENTION

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

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental 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 FOR
FURTHER INFORMATION WITH REGARDS TO THE FOREGOING.**

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A	Description of the Buildings and Apartments
EXHIBIT B	Common Elements and Limited Common Elements
EXHIBIT C	Encumbrances Against the Title
EXHIBIT D	Estimate of Initial Maintenance Fees and Disbursements
EXHIBIT E	Summary of Sales Contract
EXHIBIT F	Summary of Condominium Escrow Agreement
EXHIBIT G:	County of Hawaii letter dated May 9, 2005 with extension dated April 11, 2007

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: Robert F. Friedman and Sharon L. Friedman Phone: (612) 325-8158
Name* (Business)
401 South First Street, #1602
Minneapolis, MN 55401
Business Address

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):
N/A

Real Estate Broker*: Clark Realty Corporation (RB-16614) Phone: (808) 329-5255
Name (Business)
75-5722 Kuakini Highway, Suite 102
Kailua-Kona, Hawaii 96740
Business Address

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 329-6666
Name (Business)
P.O. Box 1837
Kailua-Kona, Hawaii 96740
Business Address

General Contractor*: Not applicable; project is completed Phone: _____
Name (Business)

Business Address

Condominium Managing Agent*: Project will be self-managed by Association of Apartment Owners Phone: _____
Name (Business)

Business Address

Attorney for Developer: Robert D. Triantos Phone: (808) 329-6464
Name (Business)
Carlsmith Ball LLP
75-1000 Henry Street, Suite 209
Kailua-Kona, Hawaii 96740
Business Address

*For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. 99-133848
Book _____ Page _____
 Filed - Land Court Document No. _____

The Declaration referred to above has been amended by the following instrument:

First Amendment to Declaration of Condominium Property Regime of Kahi Luana and Condominium Map 2939, recorded at the Bureau of Conveyances as Document No. 2007-114505.

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. 2939
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instrument:

First Amendment to Declaration of Condominium Property Regime of Kahi Luana and Condominium Map 2939, recorded at the Bureau of Conveyances as Document No. 2007-114505.

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. 99-133849
Book _____ Page _____
 Filed - Land Court Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

During the sales period, the Developer has reserved the right to make any changes to the project documents and the project as may be required by law, any title insurance company, and institutional lender of any governmental agency; and prior, to the conveyance or transfer of the first unit, for any reason and in any manner as the Developer deems necessary, provided that no such change shall substantially alter or reduce the usable space or value of any unit or the unit's limited common elements, render unenforceable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, increase the purchase price or reduce the obligations of the Developer for common expenses or unsold units.

The Developer, acting alone, may amend the Declaration to file the "as built" verified statement of a registered architect or professional engineer (with plans, if applicable), certifying that the final plans fully and accurately depict the apartments as built.

The Developer reserves the non-exclusive right to grant easements and rights-of-way over, under, and across the Common Elements for utilities services, sewers and/or drains, provided that such easements do not materially impair or interfere with the use of any Apartments.

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 of 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: 76-6336 Kaunalumalu Drive Tax Map Key (TMK): (3) 7-7-007-062-0001 and
Kailua-Kona, Hawaii 96740 (3) 7-7-007-062-0002

Address TMK is expected to change because _____

Land Area: 5.001 square feet acre(s) Zoning: A-5a

Fee Owner: Robert F. Friedman and Sharon L. Friedman
Name

Lessor: N/A
Name

Business Address

C. **Buildings and Other Improvements:**

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion (Unit A-new/storage shed) (Unit B-conversion/farm dwelling)

2. Number of Buildings: 2 Floors Per Building: 1
 Exhibit A contains further explanations.

3. Principal Construction Material:
 Concrete (Unit B) Hollow Tile Wood (Units A & B)
 Other Metal (Unit B)

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other (Resort)	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Pets: _____

Number of Occupants: _____

Other: Only uses allowed by Hawaii County Code and State Land Use Laws.

There are no special use restrictions.

6. Interior (fill in the appropriate numbers):

Elevators:	<u>0</u>	Stairways:	<u>0</u>	Trash Chutes:	<u>0</u>
<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>12 sf</u>	<u>Storage shed</u>
<u>B**</u>	<u>1</u>	<u>3/3.5</u>	<u>2,635 sf</u>	<u>528/1,681</u>	<u>Garage/Lanai</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total Number of Apartments:			<u>2</u>		

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

** Farm dwelling

Boundaries of Each Apartment:

Each Apartment shall be deemed to include the perimeter walls and any doors, windows, floors, roofs, concrete footings, garages or other improvements now existing or hereafter constructed on or within the appurtenant yards.

Permitted Alterations to Apartments:

Each Apartment Owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the Owner of the other Apartment or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his Apartment, or portions thereof, or upon the Yard and limited common elements appurtenant to his Apartment.

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 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 limitation 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 "B"

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 "B"

as follows:

Note: Land areas described herein are not subdivided lots.

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

described in Exhibit _____

as follows:

Unit A - 50%

Unit B - 50%

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 "C" describes the encumbrances against the title contained in the title report dated June 13, 2007 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 secure 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 lines affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	The buyer's contract 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, subject to an escrow cancellation fee not to exceed \$250.00 (see Exhibit F attached).

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:

Developer makes no express warranties. DEVELOPER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENTS, THE COMMON ELEMENTS OR THE PROJECT.

2. Appliances:

Unit A: No appliances
Unit B: "As is"

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

Unit A: Completed in 2007.

Unit B: Completed in 2001.

H. **Project Phases:**

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

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

None.

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
- self-managed by the Association of Apartment Owners
- the Developer or Developer's affiliate
- 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 D 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 _____

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 N/A
- Specimen Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 15, 2007
Exhibit "F" contains a summary of the pertinent provisions of the escrow agreement.
- Other Additional Farm Dwelling Agreement; Final Public Report, effective September 17, 1999

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 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 sale 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 and Supplementary Public Report.
 - B) Declaration of Condominium Property Regime of Kahi Luana and First Amendment to Declaration of Condominium Property Regime of Kahi Luana and Condominium Map No. 2939.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules, if any. (none)
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Declaration of Covenants, Conditions and Restrictions dated August 17, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-141275, as amended by instruments dated February 18, 1994, recorded as Document No. 94-034482, dated October 24, 1995, recorded as Document No. 95-152421, dated January 29, 2007, recorded as Document No. 2007-018984, and dated January 29, 2007, recorded as Document No. 2007-018985.

Additional Farm Dwelling Agreement dated May 9, 2005, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 2005-172026, and letter dated April 11, 2007 from the County of Hawaii Planning Department

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. or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and Hawaii Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 4229 filed with the Real Estate Commission on August 23, 1999.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

The Estates of Holualoa subdivision is classified and zoned "Agricultural". County ordinances and Hawaii Land Use laws allow only the construction of farm dwellings on such lands. A farm dwelling is a single family dwelling that is located on or used in connection with a farm or if the agricultural activity provides income to the family occupying the dwelling. More than one farm dwelling may be allowed on a parcel of land if (a) a farm dwelling agreement is executed for each additional farm dwelling which requires that the dwelling be used for farm-related purposes and (b) the applicable for the permit submits an agricultural development and use program, farm program or other evidence of the applicant's continual agricultural productivity or farming operations in the County of Hawaii and such plan shows how the farm dwelling will be utilized for farm related purposes.

Buyer's are advised that the Developer makes no representations or warranties with respect to (i) the improvements that are or will be allowed on the real property, (ii) the uses that are allowed or required for real property located in an "Agricultural" land use classification or (iii) the restrictions, requirements or conditions that may be imposed by any governmental entity with respect to the proposed uses of the real property and/or the apartments or the proposed construction of improvements thereon or therein. Prospective buyers are advised to verify the legality of and the requirements for the buyer's intended use of the apartment and the land with the County of Hawaii.

Residential Dwellings within State Land Use Agricultural District

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

FARM DWELLING NOTICE

TO: Applicants for Building Permits in Land in State Land Use Agricultural District.

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

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

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

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

Signature of Witness

Signature of Applicant

Additional Information Not Covered Above, continued

In 2001, the Developer replaced an existing storage shed on Unit B with a farm dwelling. An existing storage shed on Unit A was destroyed and was rebuilt in a different location in 2007. An Affidavit of Publication for a Notice of Completion for the storage shed on Unit A, a copy of which is being submitted to the Real Estate Commission together with this Supplementary Report, was filed in the Circuit Court of the Third Circuit on April 9, 2007.

An Additional Farm Dwelling Agreement (the "Agreement") between Developer and the County of Hawaii Planning Department (the "Planning Department"), dated May 9, 2005, was recorded at the Bureau as Document No. 2005-172026. The Agreement is subject to the following conditions:

1. The additional farm dwelling shall only be used to provide shelter for persons involved in the agricultural or farm-related activity on the building site. Family members who are not engaged in agricultural or farm-related activities are allowed to reside in the farm dwelling.
2. The Agreement shall run with the land and apply to all persons who may, now or in the future, use or occupy the additional farm dwelling.
3. The Developer shall adhere to all other applicable rules, regulations, and requirements of the Planning Department (including but not limited to the Zoning Code, Chapter 25), Department of Public Works, Department of Water Supply, Fire Department and State Department of Health and other reviewing agencies/divisions listed on the Building Permit Application.
4. The Agreement was approved based entirely on proposed agricultural activity as summarized in a letter dated May 9, 2005 from the Planning Department (Exhibit "A" to the Agreement). It is required that the Developer shall have implemented at least 75% of the proposed farm plan within three (3) years of approval of the building permit for the additional farm dwelling. The Planning Department may allow time extensions and modifications for good cause shown by the Developer.
5. The Developer shall allow the Planning Department or its representative to inspect the farm upon reasonable prior notice.
6. The Agreement shall be valid for a period of two (2) years from the date of the approval letter (May 9, 2005) to secure a building permit for the additional farm dwelling. Failure to secure a building permit for the additional farm dwelling on or before May 10, 2007 may cause the Director of the Planning Department to initiate proceedings to invalidate the Agreement.

By a letter dated April 11, 2007, the County of Hawaii Planning Department granted the Developer's request for a two-year extension of the time within which to secure a building permit for the additional farm dwelling. **The current deadline for obtaining a building permit for the additional farm dwelling is May 10, 2009.**

Copies of the Agreement and Exhibit "A" thereto, as well as the letter dated April 11, 2007 are being submitted to the Real Estate Commission together with this Supplementary Report.

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

KAHI LUANA CONDOMINIUM

EXHIBIT "A"

DESCRIPTION OF BUILDINGS AND APARTMENTS

1. **Description of the Buildings:** The Project is shown on the Condominium Map. Unit A consists of a one-story storage shed and Unit B consists of a two-story farm dwelling and other improvements constructed primarily of wood, concrete and metal. If the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended only to show the layout, location, Apartment numbers, dimensions and elevations of the Apartments and is not intended and shall not be deemed to contain or make any other representation or warranty.

2. **Description of the Apartments:** Each of the two (2) Apartments shown on the Condominium Map, together with the perimeter walls and any doors, windows, floors, roofs, concrete footings, garages or other improvements now existing or hereafter constructed on or within the appurtenant Yards, are hereby designated as the Apartments of the Project, and are shown on the amended Condominium Map and described as follows:

a. **Apartment Numbers and Locations.** The Apartment numbers and the location of Apartments are shown on the Condominium Map.

b. **Layout and Area.** The various Apartments and their respective areas are more particularly described as follows:

(i) **Unit A:** "Unit A" consists of the following: (1) a separate wood-frame storage shed structure of approximately 12 square feet; and (2) any and all other future improvements which may be constructed on the Yard appurtenant to said Apartment by the Owner thereof. Specifically, the Owner is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of this Declaration and all applicable buildings codes and zoning ordinances. In the event any improvements are constructed for use as a dwelling, then the Apartment Owner shall construct, as a part of the Apartment, at least one parking stall for use by residents of the Apartment. The right to secure the building permit(s) for and construct said improvements vests solely with the Owner of the Apartment, and the costs and expenses of any such future construction shall be borne solely by such Owner.

(ii) **Unit B:** "Unit B" consists of the following: (1) a farm dwelling consisting of approximately 2,635 square feet of living area, a two-car covered garaged of approximately 528 square feet, and a lanai of approximately 1,681 square feet; and (2) any and all other future improvements which may be constructed on the Yard appurtenant to said Apartment by the Owner thereof. Specifically, in addition to said farm dwelling, the Owner is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of this Declaration and all applicable buildings codes and zoning ordinances. The right to secure the building permit(s) for and construct said

improvements vests solely with the Owner of the Apartment, and the costs and expenses of any such future construction shall be borne solely by such Owner.

The foregoing approximate total square footage of the enclosed portions of the Apartments are computed from and to the interior surfaces of the Apartment perimeter walls.

END OF EXHIBIT "A"

KAHI LUANA CONDOMINIUM

EXHIBIT "B"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. **Common Elements:** One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements", including specifically, but not limited to:

- a. The Land in fee simple.
- b. All Yards, grounds and landscaping, if any, whether within or appurtenant to the Project.
- c. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which are outside of the Apartment and which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- d. 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.

2. **Limited Common Elements:** Certain parts of the Common Elements, herein called the "Limited Common Elements", are hereby designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth hereinbelow and in the Declaration. The costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Apartment to which the Limited Common Element is appurtenant, and if there is more than one Apartment to which the Limited Common Element is appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided in the Declaration.

a. Unit A shall have the Limited Common Element as shown on the Condominium Map, as amended, appurtenant to it as a Limited Common Element. Unit B shall have the Limited Common Element as shown on the Condominium Map, as amended, appurtenant to it as a Limited Common Element. The boundaries of the Limited Common Elements appurtenant to each Apartment are more particularly described in Exhibit "1" attached to the Declaration, as amended. *The Limited Common Elements **do not** represent County of Hawaii approved subdivided lots.* Such boundary descriptions serve only to delineate the boundaries of the Limited Common Element appurtenant to each Apartment.

b. The limited common element access and utility easement shown and designated on the Condominium Map, as amended, over, under and across the limited

common element land area appurtenant to Unit B shall be a limited common element easement in favor of Unit A. The Owner of Unit A shall be responsible for maintaining said access and utility easement;

c. All Common Elements of the Project which are rationally related to less than all of the Apartments shall be Limited Common Elements appurtenant to the Apartment(s) to which they are so related.

END OF EXHIBIT "B"

KAHI LUANA CONDOMINIUM

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

1. Real property taxes as may be due and owing. Check with the County Tax Assessor, County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Unrecorded GRANT OF EASEMENT by FRANK R. GREENWELL to HAWAII ELECTRIC LIGHT COMPANY, INC., dated July 9, 1957, as mentioned in instrument recorded in Liber 9167 at Page 2.
4. Rights of native tenants as set forth in Land Patent Number S-8591.
5. Designation of Easement "D-2", Part 8 (area 2,547 square feet), for drainage purposes, as shown on survey map prepared by Chrystal Thomas Yamasaki, with Wes Thomas Associates, Inc., dated January 23, 1991
6. The terms and provisions contained in the following:

INSTRUMENT:	DECLARATION
DATED:	August 17, 1992
RECORDED:	Document No. 92-141275

Said Declaration was amended by instruments dated February 18, 1994, recorded as Document No. 94-034482, dated October 24, 1995, recorded as Document No. 95-152421, dated January 29, 2007, recorded as Document No. 2007-018984, and dated January 29, 2007, recorded as Document No. 2007-018985.

7. The terms and provisions contained in the following:

INSTRUMENT:	DEED
DATED:	May 6, 1996
RECORDED:	Document No. 96-079200
8. Structure position discrepancies as shown on the survey map prepared by Chrystal T. Yamasaki, Land Surveyor, with Wes Thomas Associates, dated July 26, 1999.
9. Encroachment(s) as shown on the survey map prepared by Chrystal T. Yamasaki, Land Surveyor, with Wes Thomas Associates, dated July 26, 1999.
10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY
REGIME OF KAHI LUANA
DATED: July 23, 1999
RECORDED: Document No. 99-133848
MAP: 2939 and any amendments thereto

The foregoing instrument was amended by a First Amendment of Condominium Property Regime of Kahi Luana and Condominium Map 2939, dated May 13, 2007, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 2007-114505.

11. The terms and provisions contained in the following:

INSTRUMENT: BYLAWS OF THE ASSOCIATION OF APARTMENT
OWNERS OF KAHI LUANA
DATED: July 23, 1999
RECORDED: Document No. 99-133849

12. The terms and provisions contained in Apartment Deed dated September 17, 1999, recorded as Document No. 99-153925.

13. Mortgage and Financing Statement

LOAN/ACCOUNT NO. 6464100921

MORTGAGOR: ROBERT FRANK FRIEDMAN, husband of Sharon
Lavon Friedman, and SHARON LAVON FRIEDMAN,
Robert Frank Friedman

MORTGAGEE: BANK OF AMERICA, N.A., a national banking
association organized and existing under the laws of the
United States of America

DATED: November 7, 2002
RECORDED: Document No. 2002-205498
AMOUNT: \$38,000.00

SUBORDINATION AGREEMENT

DATED: July 31, 2003
RECORDED: Document No. 2003-166520

Subordinates said above Mortgage and Financing Statement to the lien of that certain Mortgage and Financing Statement dated July 29, 2003, recorded as Document No. 2003-166519.

14. MORTGAGE AND FINANCING STATEMENT

LOAN/ACCOUNT NO 6253447541

MORTGAGOR: ROBERT FRANK FRIEDMAN, husband of Sharon Lavon Friedman, and SHARON LAVON FRIEDMAN, wife of Robert Frank Friedman

MORTGAGEE: BANK OF AMERICA, N.A., a national banking association organized and existing under the laws of the United States of America

DATED: July 29, 2003
RECORDED: Document No. 2003-166519
AMOUNT: \$446,000.00

15. The terms and provisions contained in the following:

INSTRUMENT: ADDITIONAL FARM DWELLING AGREEMENT

DATED: May 9, 2005
RECORDED: Document No. 2005-172026
PARTIES: ROBERT F. FRIEDMAN and SHARON L. FRIEDMAN, and the COUNTY OF HAWAII

By a letter dated April 11, 2007, Condition 6 of the Additional Farm Dwelling Agreement was amended to extend the deadline for securing a building permit for an additional farm dwelling to on or before May 10, 2009.

END OF EXHIBIT "C"

KAHI LUANA CONDOMINIUM

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES AND DISBURSEMENTS

The regular maintenance and repair of each apartment and the limited common elements appurtenant to each apartment is the sole responsibility of each respective apartment owner. The Owner of Unit A shall be responsible for maintaining the limited common element access and utility easement over, under and across the limited common element land area appurtenant to Unit B in favor of Unit A.

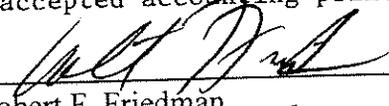
There are currently no common elements which will require maintenance and repair by the Association. The payment for all utility services to each apartment is the sole responsibility of the apartment owner. Assessments for Estates at Holualoa Community Association expenses will be made against each apartment and are the sole responsibility of the apartment owner. As a result, Developer anticipates that there will be no annual assessments for maintenance fees. Instead, assessments for maintenance and repair of the common elements will be made as needed and assessments for utilities and Community Association expenses will be made directly to the apartment by the utility provider or the Community Association for payment by the apartment owner.

Section 514A-86, HRS, requires fire insurance to be purchased by the Association to cover the improvements of the Project. Pursuant to Paragraph K of the Declaration and Article VII of the Bylaws, the Association will purchase such insurance for the common elements once such common elements are constructed. Pursuant to the Declaration and the Bylaws, the Association will require the individual apartment owners to obtain separate insurance policies for their respective apartments and the appurtenant limited common elements (once constructed), the premiums for which will be the sole responsibility of and be paid by each respective apartment owner.

There is no non-exempt Association property requiring the establishment of any replacement reserves pursuant to HRS § 514A-83.6 or Subchapter 6 of Chapter 16-107 of the Hawaii Administrative Rules.

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 8, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

I, Robert F. Friedman, Developer, hereby certify that the above estimate of initial maintenance fees and disbursements are true and accurate to the best of my knowledge, and were prepared in accordance with generally accepted accounting principles.



Robert F. Friedman

Date: 5/13/07

END OF EXHIBIT "D"

KAHI LUANA CONDOMINIUM

EXHIBIT "E"

SUMMARY OF SALES CONTRACT

The sales contract that will be used will say, in addition to the price, description and location of the apartment, and other terms and conditions under which a buyer will agree to purchase an apartment in the Project, the following:

(a) What a buyer must do to qualify for a loan if the buyer wants a mortgage loan to cover part of the purchase price.

(b) That a buyer's money will be held in escrow, under the terms of the escrow agreement.

(c) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(d) That in the event buyer fails to perform buyer's obligations under the sales contract (seller not being in default), seller may (1) bring an action for damages for breach of contract, (2) retain the initial deposit and all additional deposits provided for herein as liquidated damages, and (3) buyer shall be responsible for any costs incurred in accordance with the sales contract.

(e) That in the event seller fails to perform seller's obligations under the sales contract (buyer not being in default), buyer may (1) bring an action for damages for breach of contract, (2) seek specific performance of the sales contract, and (3) seller shall be responsible for any costs incurred in accordance with the sales contract.

The sales contract will contain various other provisions which the buyer should become acquainted with.

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

END OF EXHIBIT "E"

KAHI LUANA CONDOMINIUM

EXHIBIT "F"

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

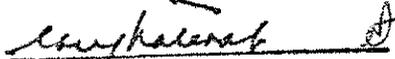
A copy of the executed Condominium Escrow Agreement dated May 15, 2007, between Title Guaranty Escrow Services, Inc., as Escrow Agent, and Developer, has been filed with the Commission. The Escrow Agreement provides for the deposit of buyer's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides, in part, that any interest earned on money on deposit may be retained by the Developer unless the Sales Contract directs otherwise. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a buyer to a refund of buyer's deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund buyer'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.

By law the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). Under the 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.

It is incumbent upon a prospective buyer to read the executed Escrow Agreement with care.

END OF EXHIBIT "F"

I hereby certify that this is
a true copy from the records
of the Bureau of Conveyances.


Registrar of Conveyances
Assistant Registrar, Land Court
State of Hawaii



R-1038 STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED
AUG 29, 2005 08:02 AM
Doc No(s) 2005-172026



1st CARL T. WATANABE
REGISTRAR OF CONVEYANCES

20 11 26

AFTER RECORDATION, RETURN BY MAIL TO:

County of Hawaii Planning Department
101 Pauahi Street, Suite 3
Hilo, Hawaii 96720

TITLE OF DOCUMENT:

ADDITIONAL FARM DWELLING AGREEMENT

PARTIES TO DOCUMENT:

**FIRST PARTY: ROBERT F. FRIEDMAN
SHARON L. FRIEDMAN**

SECOND PARTY: COUNTY OF HAWAII

PROPERTY DESCRIPTION:

TMK: (3) 7-7-007:062

ADDITIONAL FARM DWELLING AGREEMENT

THIS AGREEMENT made and executed this 9th day of May, 2005, by and between ROBERT F. FRIEDMAN and SHARON L. FRIEDMAN, herein called the "First Party," whose mailing address is 8308 Creekside Circle, Bloomington, MN 55437, and the COUNTY OF HAWAII, herein called the "Second Party."

IT IS HEREBY AGREED that the First Party may construct a second farm dwelling located on the property described by Tax Map Key (3) 7-7-007:062 situated within the State Land Use Agricultural district and zoned Agricultural (A-5a) by the Second Party.

IT IS HEREBY ACKNOWLEDGED that the First Party is the legal owner of the property above described.

IT IS HEREBY FURTHER AGREED that this approval to construct one additional farm dwelling is given subject to the following conditions:

1. The additional farm dwelling shall be used to provide shelter to person(s) involved in the agricultural or farm-related activity on the property. Family members who are not engaged in agricultural or farm-related activity are allowed to reside in the farm dwelling.
2. The agreement shall run with the land and apply to all persons who may now or in the future use or occupy the additional farm dwelling.
3. This agreement shall include any and all conditions specified in the Additional Farm Dwelling Agreement letter, attached to this document as Exhibit "A".

IT IS HEREBY FURTHER AGREED that if this agreement is with a lessee, the legal owner shall be a party to this agreement.

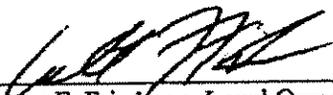
IT IS HEREBY FURTHER AGREED that should the pertinent provisions of the State and County laws and rules and regulations change to authorize said farm dwelling, upon request of the First Party, this Agreement may be reconsidered for possible amendment and/or severance.

IT IS HEREBY FURTHER AGREED that if the property is situated within the State Land Use Agricultural district, the Second Party may impose a fine of not more than \$5,000 for violation of Section 205-4.5, Hawaii Revised Statutes. If the violation is not corrected within six months of such citation and the violation continues, a citation for a new and separate violation may be imposed. There shall be a fine of not more than \$5,000 for any additional violation. The Second Party may also impose fines for any violation of Chapter 25, Hawaii County Code, as amended, in accordance with the procedures and fine schedule outlined in Division 3, Article 2, of said code.

IN CONSIDERATION OF THE AFORESAID, the Second Party hereby approves this Agreement as being in conformity with Sections 205-2 and 205-4.5 of the Hawaii Revised Statutes, relative to permitted uses within the State Land Use Agricultural district. This Agreement is also in conformance with Chapter 25, Hawaii County Code, as amended.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first above written.

FIRST PARTY:

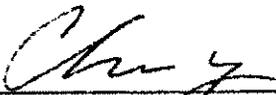


Robert F. Friedman, Legal Owner



Sharon L. Friedman, Legal Owner

SECOND PARTY:



Christopher J. Yuen, Planning Director
County of Hawaii Planning Department

~~MINNESOTA~~
STATE OF ~~HAWAII~~)
) SS.
COUNTY OF ~~HAWAII~~)

On this 27th day of June, 2008 before me personally appeared ROBERT F. FRIEDMAN and SHARON L. FRIEDMAN to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Debra L Thomes
Notary Public, State of Minnesota

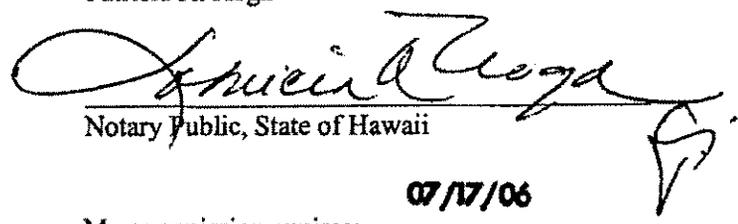
My commission expires: January 31, 2010



STATE OF HAWAII)
) SS
COUNTY OF HAWAII)

On this 5th day of August, 2005 before me personally appeared Christopher J. Yuen, to me personally known, who, being by me duly sworn, did say that he is the Planning Director of the County of Hawaii; and that the Planning Department of the County of Hawaii has no corporate seal; and that the instrument was signed on behalf of the Planning Department of the County of Hawaii, a government agency, and said Christopher J. Yuen acknowledged the instrument to be the free act and deed of said Planning Department, County of Hawaii.

Patricia A. Koga


Notary Public, State of Hawaii

07/17/06

My commission expires: _____

Harry Kim
Mayor



Christopher J. Yuen
Director

Roy R. Takemoto
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawaii 96720
Phone (808) 961-8288 • Fax (808) 961-8742

May 9, 2005

Robert D. Triantos
Carlsmith Ball LLP
P.O. Box 1720
Kailua-Kona, Hawaii 96745

Dear Mr. Triantos:

Additional Farm Dwelling Agreement Application (2005-0045)

Applicant:	Robert F. Friedman
Owner:	Robert Frank Friedman Sharon Lavon Friedman
State Land Use:	Agricultural
County Zoning:	Agricultural (A-5a)
Land Area:	5.001 acres
TMK:	(3) 7-7-007:062

Pursuant to authority conferred to the Planning Director by Chapter 25, Article 5, Division 7, Section 25-5-77 of the Zoning Code and Planning Department Rule 13, Farm Dwellings, we have reviewed your request for an additional farm dwelling on the subject property. Your submittals included the following information:

1. Name and address of the landowner(s) or lessee(s), if the latter has a lease on the building site with a term exceeding one year from the date of the farm dwelling agreement.
2. Written authorization of the landowner(s) if the lessee filed the request.
3. A farm plan or evidence of the applicant's continual agricultural productivity or farming operation within the County, including an explanation of why this additional farm dwelling is needed in connection with the agricultural productivity or farming operation. Your farm plan included the following proposed income producing agricultural activities:
 - a. Proposed agricultural activities include the following:

Hawai'i County is an equal opportunity provider and employer

EXHIBIT "A"

Robert D. Triantos for Robert & Sharon Friedman
 May 9, 2005
 Page 2

- i. Plant, maintain and harvest 2.5 acres with 1,618 coffee trees.
 - ii. Plant, maintain and harvest 1.21 acres with 60 avocado trees
 - b. The labor man-hours for the initial planting will be approximately 40 hours per week until completed for the coffee and 32 hours per week until completed for the avocado. The labor man-hours are approximately 52 hours per week to maintain, harvest, market and distribute.
4. In additional support, a State of Hawaii Department of Taxation's General Excise (GE) Tax License has also been presented.
 5. Applicant's commitment to the farm plan will be shown in the form of the enclosed Additional Farm Dwelling Agreement affidavit, to be notarized and submitted for recordation with the Bureau of Conveyances, which states that the additional dwelling shall be used for farm-related purposes.

Findings:

1. In Chapter 205, Hawaii Revised Statutes (HRS), the State Land Use Law does not authorize residential dwellings as a permitted use in the State Land Use Agricultural district unless the dwelling is related to an agricultural activity or is a farm dwelling. **A farm dwelling as defined in Section 205-4.5, Chapter 205, HRS, means a single family dwelling located on and used in connection with a farm, including clusters of single family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling.** (emphasis added)
2. The subject lot was created by subdivision (SUB 6157) approved on May 14, 1999, which, pursuant to HRS §205-4.5(b), requires the first dwelling on the lot to be a farm dwelling.
3. The Farm Plan, GE Tax License (ID number 10389755), and the agreement to use the dwelling for agricultural or farm-related activity on the building site demonstrate that there will be income producing agricultural activity and the income will be taxed.
4. In addition, the following agencies have submitted their comments as stated below:
 - a. Department of Water Supply (DWS) (Letter dated April 7, 2005):
 "We have reviewed the subject application and have the following information.

 The property does not have an existing water service with the Department as the parcel is beyond the service limits of the Department's existing water system. Also, as the application indicates that the additional farm

EXHIBIT "A"

Robert D. Triantos for Robert & Sharon Friedman
May 9, 2005
Page 3

dwelling will be on a water catchment system, the Department has no objections to the application.

Should there be any questions, please contact Ms. Shari Komata of our Water Resources and Planning Branch at 961-8070, extension 252."

- b. Real Property Tax Office (RPT):
There were no comments received.
- c. Department of Health (DOH):
There were no comments received.

Decision:

In view of the above, your request to construct a second farm dwelling is subject to the following conditions:

1. The additional farm dwelling shall only be used to provide shelter for persons involved in the agricultural or farm-related activity on the building site. Family members who are not engaged in agricultural or farm-related activities are allowed to reside in the farm dwelling.
2. The agreement shall run with the land and apply to all persons who may, now or in the future, use or occupy the additional farm dwelling. The enclosed Additional Farm Dwelling Agreement must be returned to the Planning Department with the appropriate notarized signatures along with a check made out to the Bureau of Conveyances in the amount of \$25.00 in accordance with the enclosed Additional Farm Dwelling Agreement Instructions. The Planning Department will not approve a building permit application for the additional dwelling until the AFDA document and all required attachments have been accepted for recordation.
3. The First Party shall adhere to all other applicable rules, regulations, and requirements of the Planning Department (including but not limited to the Zoning Code, Chapter 25), Department of Public Works, Department of Water Supply, Fire Department and State Department of Health and other reviewing agencies/divisions listed on the Building Permit Application.
4. Your Additional Farm Dwelling Agreement has been approved based entirely on proposed agricultural activity as summarized previously in this letter. It is required that the First Party (owners and lessees) to the Agreement shall have implemented at least 75% of the proposed farm plan within three (3) years of approval of the building permit for the additional farm dwelling. The Second Party (County of Hawaii Planning Department) of the Agreement may allow time extensions and modifications for good cause shown by First Party.

EXHIBIT "A"

Robert D. Triantos for Robert & Sharon Friedman
May 9, 2005
Page 4

5. The First Party shall allow the Second Party or its representative to inspect the farm upon reasonable prior notice.
6. This Additional Farm Dwelling Agreement shall be valid for a period of two (2) years from the date of this approval letter to secure a building permit for the additional farm dwelling. Failure to secure a building permit for this additional farm dwelling on or before May 10, 2007 may cause the Director to initiate proceedings to invalidate the AFDA.

If you have any questions please call Deanne Bugado of our West Hawaii Office at 327-3510.

Sincerely,


CHRISTOPHER J. YUEN
Planning Director

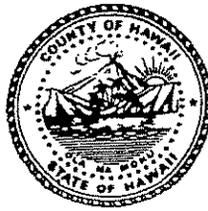
BM:deb
P:\afda\Kona AFDA\Approval\AFDAap-7-7-7-62 Triantos for Friedman.doc

Enclosure: AFDA document
AFDA document instruction sheet

xc: Mr. Milton Pavao, DWS
Mr. Mike McCall, RPT
Planning Department - Kona

EXHIBIT "A"

Harry Kim
Mayor



Christopher J. Yuen
Director

Brad Kurokawa, ASLA, LEED™ AP
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawaii 96720
Phone (808) 961-8288 • Fax (808) 961-8742

April 11, 2007

Jerilynn Ono Hall
Carlsmith Ball LLP
P.O. Box 1720
Kailua-Kona, Hawaii 96745

Dear Ms. Hall:

Additional Farm Dwelling Agreement Application (2005-0045)
Applicant: Robert F. Friedman
Owner: Robert Frank Friedman
Sharon Lavon Friedman
State Land Use: Agricultural
County Zoning: Agricultural (A-5a)
Land Area: 5.001 acres
TMK: (3) 7-7-007:062

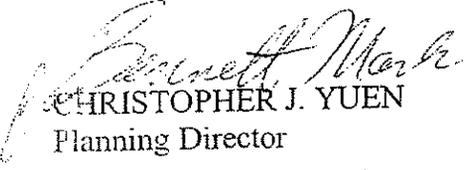
We apologize for the delay in response to your letters received by this office a time extension to obtain a Building Permit (BP) for an Additional Farm Dwelling (AFD) has been considered by this office.

In consideration of the difficulties that were described with in the letter of request, we find that the requested time extension is reasonable.

Condition 6 of the decision of approval is hereby modified to read, in part, "... secure a building permit for this additional farm dwelling on or before May 10, 2009..."

Please provide this office with details of the present state of the implementation of the farm plan.

If you should have any questions, please feel free to contact Deanne Bugado of the West Hawaii office at 327-3510.


CHRISTOPHER J. YUEN
Planning Director

DEB:deb

CB LLP-Hall for Friedman
April 11, 2007
Page 2

P:\AFDA\Kona AFDA\Correspondence\AFDAtext-7-7-62 Triantos for Friedman.doc

xc/tr: Planning Department - Kona