

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Eduardo F. Bello, Pamela M. Bello and John M. Kean
Address 1688 Halama Street, Kihei, Maui, Hawaii 96753
ProjectName(*): 1688 HALAMA STREET CONDOMINIUM
Address: 1688 Halama Street, Kihei, Maui, Hawaii 96753

Registration No. 4247

Effective date: October 20, 1999
Expiration date: November 20, 2000

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the: 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. 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.

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR THEIR INFORMATION WITH REGARD 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": Common Elements	
EXHIBIT "B": Encumbrances Against Title	
EXHIBIT "C": Land Description	
EXHIBIT "D": Disclosure Abstract	
EXHIBIT "E": Summary of Sales Contract	
EXHIBIT "F": Summary of Escrow Agreement	

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: (see Page 5(a) attached) Phone: _____
Name (Business)
Business Address

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

n/a

Real Estate Broker: Bello Realty, Inc. Phone: (808) 879-3402
Name (Business)
2395 S. Kihei Rd., Ste. 205
Business Address License No. RB-13330
Kihei, Maui, Hawaii 96753

Escrow: Old Republic Title & Escrow Phone: (808) 875-6950
Name Services, Inc. (Business)
1325 S. Kihei Rd., Ste. 110
Business Address
Kihei, Maui, Hawaii 96753

General Contractor: Mark Harvey Phone: (808) 875-8624
Name (Business)
P.O. Box 1595
Business Address License No. BC-14243
Kihei, Maui, Hawaii 96753

Condominium Managing Agent: Bello Realty, Inc. Phone: (808) 879-3402
Name (Business)
2395 S. Kihei Rd., Ste. 205
Business Address CMA No. 166
Kihei, Maui, Hawaii 96753

Attorney for Developer: Lawrence N. C. Ing, Esq. Phone: (808) 242-4555
Name (Business)
Ing, Horikawa, Kuwada & Jorgensen
2145 Wells St., Ste. 204
Business Address
Wailuku, Maui, Hawaii 96793

Developers:

EDUARDO F. BELLO
PAMELA M. BELLO
P.O. Box 952
Kihei, Maui, Hawaii 96753

Phone: (808) 879-3328

JOHN M. KEAN
P.O. Box 1449
Kihei, Maui, Hawaii 96753

(808) 879-2907

**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. 99-144523
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]:

Amendment of Declaration of Condominium Property Regime of 1688 Halama Street
Condominium, dated October 11, 1999, recorded as Document No. 99-163736.

- 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. 2959
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded -Bureau of Conveyances: Document No. 99-144524
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>51%</u>

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

2. **Developer:**

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 - Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

- Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

3. Underlying Land:

Address: 1688 Halama Street Tax Map Key (TMK): (2) 3-9-11-8
Kihei, Maui, HI 96753
 Address TMK is expected to change because _____

Land Area: 20,034 square feet acre(s) Zoning: R-3 Residential

Fee Owner: Eduardo F. Bello
 Pamela M. Bello
 Name
 P.O. Box 952
 Address
 Kihei, Maui, Hawaii 96753

Fee Owner: John M. Kean
~~KESOK~~
 Name
 P.O. Box 1449
 Address
 Kihei, Maui, Hawaii 96753

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 3 Floors Per Building 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<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: Dogs, cats, birds and other household pets in reasonable number.
- Number of Occupants: _____
- Other: No apartment owner shall offer, sell or transfer any time-sharing interest.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net		(Identify)
			Living Area (sf)*	Other Area (sf)	
A	<u>1</u>	<u>3/3</u>	<u>2,147.71</u>	<u>162.92</u>	<u>lanai</u>
B	<u>1</u>	<u>4/3</u>	<u>2,123.76</u>	<u>263.20</u>	<u>lanai</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

The respective apartments shall be deemed to constitute the structures depicted on the Condominium Map, including the perimeter walls and the decorated or finished surfaces thereof; the roof and the finished exterior surfaces thereof; the perimeter doors, door frames, windows and window frames; and the foundation and all supporting members.

Permitted Alterations to Apartments:

The owner of each apartment may make any alterations or additions within and outside any apartment.

7. Parking Stalls:

Total Parking Stalls:	<u>4</u>						
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>TOTAL</u>
Assigned (for each Residential unit)	<u>2</u>	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>4</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>4</u>

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____.

(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years): n/a

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit "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 _____.

as follows:

The land area reserved for the exclusive use of the particular apartment as shown on the Condominium Map, the swimming pool within its limited common area, the mailbox assigned to that particular apartment, and the following garage units to the respective apartments:

- a. Garage Unit No. 1688-C1 shall be appurtenant to Apartment 1688-A; and
- b. Garage Unit No. 1688-C2 shall be appurtenant to Apartment 1688-B.

***Note: Land areas referenced herein are not legally 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:

<u>Apartment Type</u>	<u>Percentage of Undivided Interest</u>
A	50%
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 "B" describes the encumbrances against the title contained in the title report dated October 13, 1999 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

[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>
Developers herein, as Mortgagors, and GE Capital Hawaii, Inc., a Hawaii corporation, as Mortgagee, in the following Mortgages:	Present mortgage liens will be released and satisfied prior to conveyance of first apartment to Buyer.
1) Mortgage dated November 11, 1997, recorded as Document No. 97-156666, in the original amount of \$520,000.00.	If said mortgage liens be foreclosed prior to conveyance to Buyer, all of Buyer's deposits will be refunded immediately by escrow, less escrow cancellation fee.
2) Mortgage dated February 16, 1999, recorded as Document No. 99-024768, in the original amount of \$310,000.00.	

F. Construction Warranties:

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

1. Building and Other Improvements: None

2. Appliances: None

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

Apartment 1688-A was completed on August 1, 1999.

Apartment 1688-B was completed on September 1, 1999.

Garage building (Units 1688-C1 & 1688-C2) was completed on September 1, 1999.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. **Estimate of Initial Maintenance Fees:**

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

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

Exhibit "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
- Specimen Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 1, 1999
Exhibit "F" 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.

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final 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 (DCCA). Supporting documents for this registration are on file with the DCCA for a period of ten years and one day from the effective date of the last public report. After that time, the DCCA will destroy the supporting documents except for the last public report. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4247 filed with the Real Estate Commission on September 15, 1999.

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

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

C. Additional Information Not Covered Above

It is hereby disclosed as follows:

1. That Developers, EDUARDO F. BELLO (RB10603), PAMELA M. BELLO (RB14311), and JOHN M. KEAN (RB10482) associated with John M. Kean, dba Kean Realty, are Hawaii licensed real estate brokers. Further, that Pamela M. Bello is the principal broker for Bello Realty, Inc., the project broker.

Pursuant to §16-99-11(c), Hawaii Administrative Rules, no licensee shall advertise "For Sale by Owner".

2. That the underlying land is within the Flood Zones C, AH and V10.
3. That the underlying land has a 71-foot shoreline setback.
4. That the developers, seller, and real estate broker have not examined the database to determine whether or not any registered sex offenders are residing near or in the neighborhood of the project that you may be buying. Buyers of real estate have a right to this information and may obtain it as set forth above. The developers, seller, and real estate broker accept no responsibility or liability for the location of the sex offenders. To the extent that the buyers desire this information, they must proceed to locate it on their own as set forth above. The developers, seller, and real estate broker are making no representation as to the whereabouts of these offenders.
5. That a Special Management Area Permit was not required for this project but may be required if additional buildings are erected on the property.

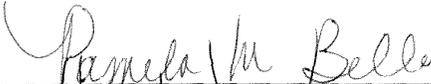
D. The developer hereby certifies that all of the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Developers:



EDUARDO F. BELLO

AUG 26 1999
(Date)



PAMELA M. BELLO

AUG 26 1999
(Date)



JOHN M. KEAN

AUG 26 1999
(Date)

Distribution:

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

EXHIBIT "A"

Common Elements

- a. The land in fee simple and any appurtenances thereto as described in Exhibit "C".
- b. The trash areas.
- c. The driveway.
- d. The wall between Building 1 and Building 2.
- e. The concrete seawall and three-foot in width concrete walk.
- f. The central and appurtenant installations for services such as power, gas, light and water.
- g. All of the parts of the project existing for the common use and are necessary to the existence, maintenance and safety of the project.

EXHIBIT "B"

Encumbrances Against Title

1. Real property taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.
2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of land described herein.
3. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in the Declaration of Condominium Property Regime dated August 26, 1999, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-144523, as may hereinafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 2959.) Said Declaration was amended by instrument dated October 11, 1999, recorded in the said Bureau of Conveyances as Document No. 99-163736.
4. By-Laws of the Association of Owners of the Condominium Project known as "1688 HALAMA STREET CONDOMINIUM" dated August 26, 1999, and recorded in said Bureau of Conveyances as Document No. 99-144524, as the same may hereafter be amended.

Note: The property is subject to the following Mortgage, Security Agreement and Financing Statements between Developers, as Mortgagor, and GE Capital Hawaii, Inc., a Hawaii corporation, as Mortgagee, which covers the land described in Exhibit "C" herein:

- (a) Dated November 11, 1997, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 97-156666, to secure the repayment of the sum of \$520,000.00.
- (b) Dated February 16, 1999, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-024768, to secure the repayment of the sum of \$310,000.00.

EXHIBIT "C"

Land Description

All of that certain parcel of land (being all of the land described in and covered by Land Patent Grant Number 12,883 to Fuyu Hazama Kitagawa) situate, lying and being at Waiohuli-Keokea, District of Kula, Island and County of Maui, State of Hawaii, being LOT 42, same being a portion of the Crown Land of Keokea, of the "WAIHULI-KEOKEA BEACH LOTS, 2ND SERIES", and thus bounded and described:

Beginning at the southeast corner of this lot, the northeast corner of Lot 43, Waiohuli-Keokea Beach Lots, 2nd Series and on the west side of 40 foot road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 2,591.58 feet north and 23,681.60 feet west, as shown on Government Survey Registered Map 2516, and running by azimuths measured clockwise from true south:

- | | | | | | |
|----|------|-----|-----|--------|--|
| 1. | 84° | 04' | 30" | 266.98 | feet along the west side of 40 foot road; |
| 2. | 173° | 51' | | 75.00 | feet along Government Beach Reserve; |
| 3. | 264° | 04' | 30" | 267.27 | feet along the south side of 20 foot beach access right-of-way; |
| 4. | 354° | 04' | 30" | 75.00 | feet along the west side of 40 foot road to the point of beginning and containing an area of 20,034 square feet, more or less. |

EXHIBIT "D"

1688 HALAMA STREET CONDOMINIUM

 AUG 26 , 1999

DISCLOSURE ABSTRACT

1. **NAME OF PROJECT:** 1688 Halama Street Condominium
1688 Halama Street
Kihei, Maui, Hawaii 96753

2. **DEVELOPER:** EDUARDO F. BELLO
PAMELA M. BELLO
P.O. Box 952
Kihei, Hawaii 96753

JOHN M. KEAN
P.O. Box 1449
Kihei, Hawaii 96753

3. **MANAGING AGENT:** BELLO REALTY, INC.
P.O. Box 1776
Kihei, Hawaii 96753

4. **USE OF APARTMENTS:** Residential

The two (2) apartments in the Project may be occupied and used only for residential purposes. No apartment may be used for commercial purposes. The apartments are subject to additional restrictions on their use as set forth in (i) the Declaration of Condominium Property Regime of 1688 Halama Street Condominium, (ii) the By-Laws of the Association of Apartment Owners of 1688 Halama Street Condominium, (iii) the Apartment Deed for the individual apartments, (iv) the Reservation, Deposit Receipt and Sales Contract for the individual apartments, and (v) the Project Rules and Regulations. Copies of the foregoing documents are on file with the Real Estate Commission of the State of Hawaii.

5. **WARRANTIES:**

THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF

MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

As set forth in the Reservation, Deposit Receipt and Sales Contract, the Developer shall require from the general contractor for the project a written warranty with respect to any defects in the Buyer's apartment and the common elements due to faulty materials and/or workmanship which are discovered and reported within one (1) year from the "Date of Substantial Completion" as defined in the construction contract. The Developer makes no warranties itself; however, the execution, delivery and recordation of the Buyer's Apartment Deed shall constitute the assignment by the Developer to the Buyer of any and all warranties given the Developer by the general contractor for the project, and by any subcontractors or materialmen, and the benefit of such warranties shall accrue to the Buyer on closing without further instruments or documents. The Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the apartment. The Developer agrees to cooperate with the Buyer during the effective period of any such warranties in asserting any claims based on such warranties. The Developer does not adopt the contractor's or manufacturer's warranties, if any, and the Developer is not acting as co-warrantor, but is merely attempting to pass to the Buyer the benefit of such warranties, if any, and the Buyer expressly acknowledges and agrees to this. The Buyer acknowledges that the Developer has made no other warranties, express or implied, with respect to the property or any common element or anything installed therein.

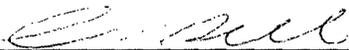
6. ESTIMATED MAINTENANCE FEES:

See pages 4 and 5 of this exhibit.

The breakdown of estimated initial maintenance fees and maintenance fee disbursements for 1688 Halama Street Condominium has been prepared for the Developer by BELLO REALTY, INC. as of AUG 26, 1999, and is subject to revision based on actual cost for the items enumerated. The Developer can make no assurances regarding the estimated maintenance fees and maintenance fee disbursements. Variables such as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the actual maintenance fees to be greater or lesser than the estimated maintenance fees.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF THE MAINTENANCE FEES ARE ACCURATELY ESTIMATED, SUCH FEES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE FEES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYERS SHOULD CHECK THE ATTACHED MAINTENANCE FEE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED THEREIN. THE INITIAL ESTIMATES HAVE BEEN MADE WELL IN ADVANCE OF THE COMPLETION OF THE PROJECT AND MAY BE SUBJECT TO SUBSTANTIAL REVISION PRIOR TO OR UPON COMPLETION.

IN WITNESS WHEREOF, the undersigned has executed these presents the day and year first above written.



EDUARDO F. BELLO



PAMELA M. BELLO



JOHN M. KEAN

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
1688-A	\$ 92.50	\$1,110.00
1688-B	92.50	1,110.00
1688-C1	0.00	0.00
1688-C2	<u>0.00</u>	<u>0.00</u>
	\$ 185.00	\$2,220.00

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

RESERVES

The Developer of 1688 HALAMA STREET CONDOMINIUM conducted a reserve study in 1999 in accordance with §514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended, to estimate the remaining useful lives and the replacement costs of the common elements. The Developer has estimated the funding for such major repairs and replacements over the estimated useful lives of the common elements based on the study's estimates of current replacement costs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, the Board of Directors of the Association of Owners does have the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available. The present study shows that the necessary funding amount is \$25,000.00.

EXHIBIT "E"

Summary of Sales Contract

1. The sales agreement contains the price and other terms and conditions under which a buyer will agree to buy a apartment in the project.
2. The sales agreement provides for the buyer to get a copy of certain legal documents that buyer should closely examine.
3. The sales agreement provides for severe penalties if buyer fails to comply with the terms and conditions of the agreement.
4. The buyer must complete the purchase of the apartment by a certain date and pay closing costs, in addition to the purchase price.
5. The buyer's money will be held in escrow under the terms of the Escrow Agreement for the project.
6. The sales agreement and the rights of the buyer under the sales agreement is subordinate to the lien of mortgages on the property.
7. The Developer is making no warranties or representations in connection with the sale of any of the apartments, except for its written limited warranty set forth in this report.

This is merely a summary of a few of the terms and conditions of the sales agreement, and the buyer should carefully read and review all the terms and conditions of the sales agreement before signing.

EXHIBIT "F"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the payments which a buyer makes under a sales agreement will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let buyers know when payments are due.
- (b) Escrow will arrange for buyers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a buyer.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the sales agreement.