

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Niels J. Outzen
Address 6-7-22 Kotsubo, Cosmos Milos, #F4, Zushi City, Kanagawa-Ken, Japan

467

Project Name (*): HOOKELE 73
Address: 74-4599 Kukuki Street, Kailua-Kona, HI 96740

Registration No. 4387

Effective date: September 16, 2004

Expiration date: October 16, 2005

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
 - FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
 - SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 - Preliminary Public Report dated: _____
 - Final Public Report dated: May 19, 2000
 - Supplementary Public Report dated: _____
- And
- Supersedes all prior public reports.
 - Must be read together with Final Report of May 19, 2000
 - 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.

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:

- Page 5 - Island Title Corporation is the new escrow agent for the Project, and Robert D. Triantos is the new attorney for the developer. These changes are reflected on page 5 attached hereto, which replaces page 5 of the May 19, 2000 Public Report for the Project.
- Page 6 - Recording information is provided for two Amendments to Condominium Map No. 3037 that were required to correct an error in the designation of the apartments in the original Condominium Map, and to update the Project plot plan.
- Page 14 - A new title report was ordered for the Project with an issuance date of August 12, 2004. The new issuance date and new title company are included in the page 14 attached hereto which replaces page 14 of the May 19, 2000 Public Report.
- Exhibit "B" - Exhibit "B", Parking Plan, attached hereto replaces Exhibit "B" of the of the May 19, 2000 Public Report to correct an error in the earlier exhibit.
- Exhibit "C" - Exhibit "C", Description of Common Elements and Limited Common Elements, attached hereto replaces Exhibit "C" of the May 19, 2000 Public Report to correct an error in the earlier exhibit. See also Amendment to Condominium Map No. 3037 dated July 23, 2004 and recorded in the Bureau of Conveyances as Document No. 2004-157072, and Amendment to Condominium Map No. 3037 dated September 2, 2004 and recorded as Document No. 2004-187097.
- Exhibit "D" - Exhibit "D", Encumbrances Against Title, attached hereto replaces Exhibit "D" of the May 19, 2000 Public Report to update the earlier exhibit and correct errors therein.

Disclosure Re Hawaii County Ordinance 02-111

The Hawaii County Council adopted Ordinance 02-111 on September 25, 2002. Ordinance 02-111 amends the Subdivision Code of the Hawaii County Code to require that condominium developments in certain zone districts, including agricultural zone districts, comply with County subdivision requirements. The ordinance also provides certain exemptions from these requirements. A prospective purchaser should contact the Planning Department of the County of Hawaii about the effect of Ordinance 02-111 and other County requirements on the Project.

Special Notice

The Developer's Final Public Report expired on June 19, 2001. Pursuant to Section 16-107-19, Hawaii Administrative Rules, sales contract executed during the period that the Public Report was not in effect may be rescinded at the option of the purchaser and all monies refunded to the purchaser. The purchaser's right to rescind under this rule shall be void thirty (30) calendar days after receipt of written notification of these rights from the Developer or his real estate agent.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Niels J. Outzen Phone: 011-813-3267-7007
Name* (Business)
6-7-22 Kotsubo Cosmos Milos #R4
Business Address
Zushi-City, Kanagawa-Ken, Japan 467

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*: Thomas F. Schmidt, Tom Schmidt Realtors Phone: (808) 329-3124
Name (Business)
P.O. Box 398
Business Address
Kailua-Kona, HI 96745

Escrow Island Title Corporation Phone: (808) 326-4111
Name (Business)
75-5591 Palani Road, Suite 204
Business Address
Kailua-Kona, HI 96740

General Contractor*: ONS, Inc. Phone: (808) 329-7349
Name (Business)
75-5806 Kakalani Street, Kailua-Kona, HI 96740
Business Address

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

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

* 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. 2000-022023
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3037
 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]: **Amendments to Condominium Map No. 3037 dated July 23, 2004 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-157072, and dated Septemeber 2, 2004, recorded as Document No. 2004-187097.**

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. 2000-022024
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]:

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 C.

as follows:

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

described in Exhibit _____.

as follows:

Apartment "A": Fifty Percent (50%)
Apartment "B": Fifty Percent (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 D describes the encumbrances against the title contained in the title report dated August 12, 2004 and issued by Island Title Corporation.

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 Farm Dwelling Notice

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the 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. 4387 filed with the Real Estate Commission on April 4, 2000.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Niels J. Outzen *Niels J. Outzen*
 Printed Name of Developer

By: *Niels J. Outzen* 7/23-04
 Duly Authorized Signatory* Date

Niels J. Outzen, Developer
 Printed Name & Title of Person Signing Above

Distribution:

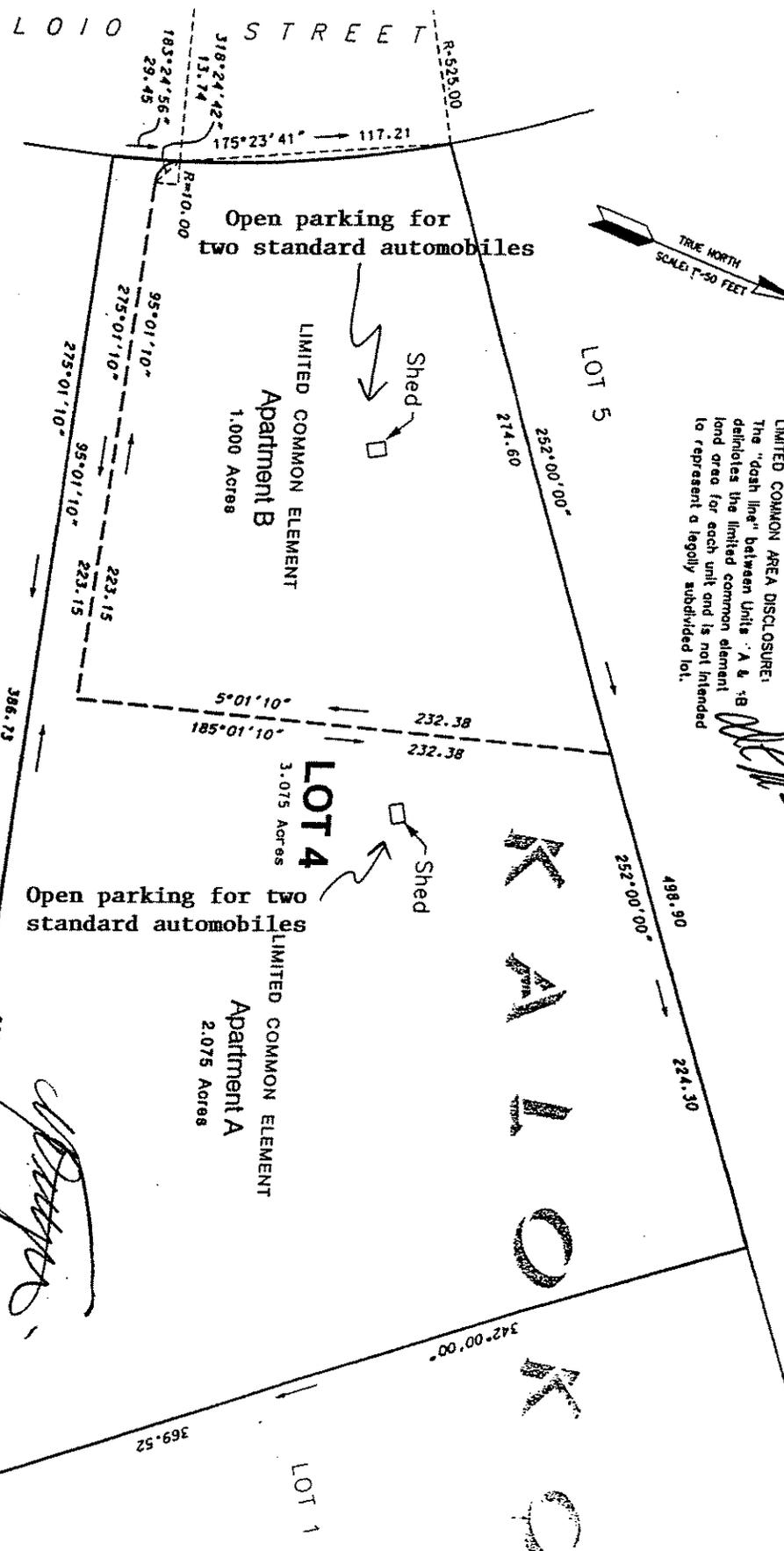
Department of Finance, County of Hawaii

Planning Department, County of Hawaii

**Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.*



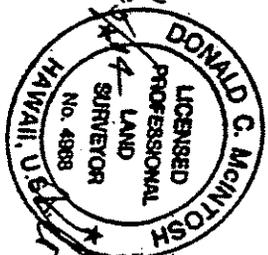
NOTE
 LIMITED COMMON AREA DISCLOSURE:
 The "dash line" between Units "A & B" delineates the limited common element land area for each unit and is not intended to represent a legally subdivided lot.



Don McIntosh, Surveyor
 P.O. Box 88 Kailua-Kona, Hawaii 96745-0088
 (808) 326-7472

Prepared for:
 Niela J. Oulzen
 c/o P.O. Box 898
 Kailua-Kona, HI 96745

Project Plot Plan
 HOOKELE 73 CONDOMINIUM PROJECT
 LOT 4
 KALOKO-MAUKA SUBDIVISION
 Increment 1, F.P. 894
 AT KALOKO, NORTH KONA, HAWAII, HAWAII
 TMK: (3) 7-3-24:73



The undersigned hereby certifies to the best of his professional knowledge, information and belief, that the map and survey on which it is based correctly shows the boundary lines and major improvements upon the property.

Donald C. McIntosh, L.P.L.S.

JOB#226998 FB#16:21
 DATE: 8-25-04
 Drawing: Lot_4.com

REDUCED COPY
 Not To Scale
 PARKING PLAN - EXHIBIT "B"

**DESCRIPTION OF COMMON ELEMENTS
AND
LIMITED COMMON ELEMENTS**

All of the property is Fee Simple.

In the various documents relating to this project, the term "Common Element" means the same thing as the term "Common Area", and the term "Limited Common Element" means the same thing as "Limited Common Area".

Common Elements are those portions of the condominium project other than the individual apartments. Common Elements are owned jointly by all apartment owners. The owners of each apartment own an undivided one-half (1/2) interest (undivided 50% interest) in all of the Common Elements for all purposes, including voting. This means that the ownership does not depend on the size of an apartment or the use to which an apartment is put. The Common Elements include the land upon which the project is located, in fee simple, and all other portions of the project, other than the Apartments, including, specifically, but not limited to, the Common Elements mentioned in the Act that are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety or normally in common use and which are not included as part of an apartment, including but not limited to following:

- (a) The land in fee simple;
- (b) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project, if any, which serve more than one (1) apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
- (c) The roof and all load bearing perimeter walls that serve more than one apartment, if any;
- (d) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.
- (e) The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act.
- (f) Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium Apartment(s) which are filed of record.
- (g) All the rights, benefits and privileges, if any, inuring to the land or to the Condominium from all easements shown on the File Plan or listed in Exhibit "A", or acquired subsequent to the creation of those documents.
- (h) Any and all other portions of the land and improvements that are not specifically designated for use by one or more specific Apartments, but which are intended for common use, including any directory facilities that may be established, and all other apparatus and installations the use of which exists for, is rationally allocated to or is necessary to the existence, upkeep and safety of more than one Apartment of the Condominium Project or which may otherwise be of common use.

Unless clearly repugnant to the context thereof, the term "Common Elements" also means and includes the limited common elements hereinafter described.

- (i) There are no Common Element available to all apartment owners.

Limited Common Elements are those portions of the Common Elements which are reserved for the exclusive use of the owners of certain apartments. They are often referred to as Limited Common Area.

Limited Common Elements for Apartment "A". The Limited Common Elements for Apartment A are the approximately 2.075 acres, more or less, of land appurtenant to Apartment "A". The land appurtenant to Apartment "A" is indicated by a dashed line on the Condominium File Plan. The dashed line, metes and bounds, courses and distances, and statement of a land area on Condominium File Plan do not indicate that the land has been subdivided. They only define the Limited Common Area for Apartment "A".

Limited Common Elements for Apartment "B". The Limited Common Elements for Apartment "B" are the approximately 1.000 acres, more or less, appurtenant to Apartment "B". The dashed line, metes and bounds, courses and distances, and statement of a land area on the Condominium File Plan do not indicate that the land has been subdivided. They only define the Limited Common Area for Apartment "B".

Each apartment has an equal undivided one-half (1/2) interest (undivided 50% interest) in all of the common elements for all purposes, including voting.

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes as may be due and owing. Check with the County of Hawaii Department of Finances for the current status of real property taxes.
2. Taxes (including rollback taxes) assessments or obligations levied or created for any public purpose or improvement, unless the tax, assessment or obligation is payable and recorded as an existing lien in the public records.
3. Title to all minerals and metallic mines reserved to the State of Hawaii.

4. EASEMENT AS CONTAINED IN DEED:

Dated: December 20, 1971
Recorded: Book 8062, Page 1
Purpose: Operation and maintenance of water tanks and water pipelines

5. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration:

Dated: June 1, 1989
Recorded: Book 23270, Page 785
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

AMENDMENT TO DECLARATION

Dated: December 5, 1989
Recorded: Book 23999, Page 656

6. EASEMENT

Dated: February 16, 1993
Recorded: Document No. 93-059417
Purpose: Access
In favor of: The owners of the lots described in Exhibit A attached thereto

7. Condominium Map No. 3037, filed in the Bureau of Conveyances, State of Hawaii. Said Condominium Map No. 3037 was amended by instrument dated July 23, 2004 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2004-175072, and by

instrument dated September 2, 2004 and recorded in the Bureau of Conveyances as Document No. 2004-187097.

8. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime:

Dated: February 8, 2000

Recorded: Document No. 2000-022023

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

9. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of Hookele 73:

Dated: February 8, 2000

Recorded: Document No. 2000-022024

10. Utility Easement 5-C, for utility purposes, as per survey of Donald C. McIntosh, Licensed Professional Land Surveyor, dated January 29, 2004.

11. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, and/or as delineated on said Condominium Map.

12. MORTGAGE (Loan No. —)

Dated: April 23, 1992

Recorded: Document No. 92-104190

Amount: \$30,000.00

Mortgagor: Niels Johan Outzen, husband of Tazuko Outzen

Mortgagee: Kaloko Two Partnership, a Hawaii limited partnership

END OF EXHIBIT "D"