

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer Michael Wyatt Gabrian and Linda Ann Gabrian
Address 1750 Hulu Road, Kapaa, Kauai, Hawaii 96746

Project Name(*): OLU MAUNA
Address: 1750 Hulu Road, Kapaa, Kauai, Hawaii 96746

Registration No. 4475 (Conversion) Effective date: September 22, 2000
Expiration date: October 22, 2001

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, over 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 Report 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 records.
 - This report must be read together with _____
 - SUPPLEMENTARY:
(pink) This report updates information contained in the:
 - Preliminary public report dated: _____
 - Final Public Report dated: _____
 - Supplementary public report dated: _____
- And Supersede all prior public reports.
 Must be read together with _____
 This report re-activates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required an attached to this report

Not Required-Disclosures covered in this report.

Summary of Changes from Earlier Public Report:

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 wished to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common elements land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

3. **THIS PUBLIC REPORT WAS DONE BY THE DEVELOPER AND NOT AN ATTORNEY. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.**

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General Information on Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or officer, or 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 at 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 PROJECTS

Developer: Michael Wyatt Gabrian & Linda Ann Gabrian Phone: (808) 821-9311
Name* (Business)

1750 Hulu Road
Business Address

Kapaa, Kauai, Hawaii 96746

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*: Sleeping Giant Realty, Inc. Phone: 808-245-8831
Name (Business)
4480 Ahukini Road, Kapaa, Kauai, Hawaii 96746
Business Address

Escrow: Fidelity National Title Company Phone: (808) 823-0606 or (808) 536-0404
Name (Business)
201 Merchant St., Ste. 2100, Honolulu, HI 9813
Business Address

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

Condominium Managing Agent*: Self Management by Association of Apartment Owners Phone: _____
Name (Business)
Business Address

Attorney for Developer: None. This report prepared by the developer, pro se Phone: (808) 821-9311
Name (Business)
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 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 interest, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2000-096419
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. 3128

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 apartment project. They provide for the manner in which the Board of Directors and 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. 2000-096420
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 govern 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> </u>	<u>N/A</u>

*The percentages for individual condominium projects may be more than 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 Hourr Rules:

Developer has reserved the right to alter the units in the project under paragraph 16.0 and to amend the Declaration under 17.0, including chages to the condominium map and the filing of "as built" plans. The Developer may amend the Bylaws under Article IV, section 1 and adopt Building Rules under Article V, Section 2 of the Bylaws.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

Fee simple: Individual apartments and common elements, which include the underlying land, will be in fee simple.

Leasehold or sub-leasehold: Individual apartments and common elements, which include the underlying land will be leasehold.

Leases for the individual apartment at 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

Exhibits _____ contains a schedule of the lease rents for each apartment per: Month Year

For Sub-leasehold:

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 a sublease even if the master lease is canceled or foreclosed.

Individual Apartments and 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.

Exhibits _____ 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 security 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 advise of an attorney.

There are 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 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 a 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: 1750 Hulu Road Tax Map Key (TMK): (4) 4-6-04:35
Kapaa, Kauai, HI 96746

Address TMK is expected to change because _____

Land Area: 6.811 square feet acre(s) Zoning: Ag

Fee Owner: Michael Wyatt Gabrian & Linda Ann Gabrian
 Name
1350 Hulu Road
 Address
Kapaa, Kauai, Hawaii 96746

Lessor: N/A
 Name
 Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion
 2. Number of Buildings: 2 Floors Per Building Unit 1 & 2: 1

Exhibits _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning:

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

Is/Are this/these use(s) specifically permitted by the projects 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: Types and numbers of animals limited by Bylaws: Article V, Section 1, G.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairway: _____ Trash Chutes: _____

<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>Unit A</u>	<u>1</u>	<u>3/2</u>	<u>1912</u>	<u>0</u>	<u>Farm Dwelling</u>
<u>Unit B</u>	<u>1</u>	<u>--</u>	<u>--</u>	<u>25</u>	<u>Shed</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment parameter 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 exterior surfaces of the structure and the description of the limited common elements as set forth in the Condominium Map.

Permitted alterations to apartments:

Apartments may be altered in accordance with the Declaration, the Bylaws, the Building Code, Zoning, and all relevant County of Kauai and State of Hawaii ordinances and regulations.

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 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, buyers 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 designed 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 the exclusive use of the owners of certain apartments.

There are no limited common elements in his 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 under and surrounding each permitted structure as shown and delineated on the Condominium Map:

Unit A: 1.866 acres

Unit B: 4.811 acres

***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 "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 his project, as described in the Declaration, are:

described in Exhibit _____.

as follows:

Unit A: 50% appurtenant common interest

Unit B: 50% appurtenant common interest

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

Exhibit B describes the encumbrances against title contained in the title report dated August 10, 2000

and issued by FIDELITY NATIONAL TITLE

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.
- 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	Buyer may lose rights to purchase Unit, but would be entitled to return of all deposits, less escrow cancellation fee, if default and foreclosure occur before conveyance. However, should the Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

F. Construction Warranties:

Warranties for individual apartments and 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:**

Single Family Farm Dwelling Unit A was completed April 21, 1999.
Agricultural Shed Unit B was completed October 18, 1999.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements in 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) than 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.

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

***Note: Developer has not conducted a reserve study in accordance with 514A-83.6, HRS and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.**

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 D contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 10, 2000

Exhibit E contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and 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 buyers use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds the 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 report 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: Elevation Agreement with County of Kauai Department of Water; Notice of Dedication to Agriculture.

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

This Public Report is a part of Registration No. 4475 filed with the Real Estate Commission on August 3, 2000.

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

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 on Land in State Land use Agricultural District.*

This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize 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) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family 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 \$5,000.00. 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 \$5,000.00 for any additional violation.

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

Signature of Applicant

Signature of Witness

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

Michael Wyatt Gabrian & Linda Ann Gabrian
Printed Name of Developer

Linda Ann Gabrian
By: *Michael Wyatt Gabrian*
Duly authorized Signatory*

9/17/00
Date

Michael Wyatt Gabrian & Linda Ann Gabrian, Developers
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai

**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.*

10/98

EXHIBIT A

Common Elements. The common elements which the units have immediate access to include:

- a. The land in fee simple.
- b. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

END OF EXHIBIT "A"

EXHIBIT "B"
Encumbrances Against Title

page 1 of 2

1. For real property taxes that may be due and owing, reference is made to County of Kauai Department of Finance for more information.

2. The property described herein is subject to possible rollback taxes. Verification should be made with the Kauai County, Real Property Tax Office.

3. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

4. An agreement, upon and subject to all of the provisions contained therein.

By and Between: Michael and Linda Gabrian, "Applicant" and County of Kauai
Planning Department, "Department"
Dated: March 27, 1998
Recorded: March 31, 1998, in the Bureau of Conveyances of the State of Hawaii,
Document No. 98-042548.

5. A mortgage to secure indebtedness as shown below, and any other obligations secured thereby

Amount \$117,000.00
Dated: May 12, 1998
Loan No.: 6803130
Mortgagor: Michael Gabrian and Linda Gabrian, husband and wife
Mortgagee: Bank of Hawaii, a Hawaii corporation
Recorded: May 18, 1998, in the Bureau of Conveyances of the State of Hawaii,
Document No. 98-070008.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in the document;

In favor of: Citizens Utilities Company, a Delaware corporation and GTE Hawaiian
Telephone Company Incorporated, a Hawaii corporation
Purpose: utility
Recorded: September 21, 1998, in the Bureau of Conveyances of the
State of Hawaii, Document No. 98-140592.
Affects: land herein described

7. Notice of Dedication to Agriculture

Dated: February 14, 2000
Recorded: February 15, 2000, in the Bureau of Conveyances of the State of Hawaii,
Document No. 2000-020956.

-continued

EXHIBIT "B"

page 2 of 2

8. Declaration of Condominium Property Regime and Project Map #3128

Dated: June 26, 2000
Recorded: July 13, 2000, in the Bureau of Conveyances of the State of Hawaii,
Document No. 2000-096419

9. Bylaws of Association of Apartment Owners, "Olu Mauna Agricultural Condominium"

Dated: June 26, 2000
Recorded: July 13, 2000, in the Bureau of Conveyances of the State of Hawaii,
Document No. 2000-096420

10. Elevation Agreement

By and Between: Michael and Linda Gabrian and the County of Kauai,
Department of Water
Dated: June 26, 2000
Recorded: August 4, 2000, as document 2000-108043

END OF EXHIBIT "B"

**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>	
Unit A	None	None
Unit B	None	None

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[] common elements only

[] common elements and apartments

Elevator

Gas

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

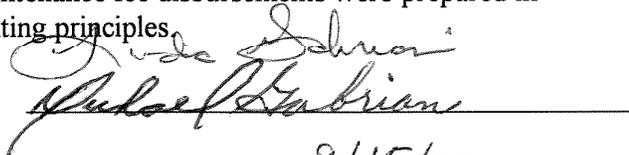
Audit Fees

Other

Total

NONE

I, Michael Wyatt Gabrian & Linda Ann Gabrian, as agent and employed by, N/A the condominium managing agent or the developer, for the condominium project OLU MAUNA AGRICULTURAL CONDOMINIUM PROJECT, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



(*) Mandatory reserves in effect January 1, 1993

Date: 9/15/00

EXHIBIT "D"
SUMMARY OF SALES CONTRACT

1. The most current version of the HAWAII BOARD OF REALTORS STANDARD FORM "DROA" appropriately executed with signatures from the parties shall serve as the Sales Contract for the "Olu Mauna Agricultural Condominium" Project; other standard Board of Realtors forms, such as the Counter-Offer and various addendum forms, may also be used as appropriate.

2. Seller shall furnish Buyer EVIDENCE OF SELLER'S MARKETABLE TITLE to the interest being conveyed to the Buyer. If Seller fails to deliver title as provided, Buyer has the option to terminate the agreement and have any of Buyer's deposits returned, without excluding any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing issued in the amount of the sales price, for which Seller shall pay 60% of the premium charged, and Buyer shall pay 40% of such premium.

2. RISK OF LOSS shall pass to Buyer upon transfer of title or upon occupancy, whichever occurs first.

3. In the event of DEFAULT BY EITHER PARTY, then either party may bring an action of breach of contract against the other and seek specific performance; the defaulting party shall be responsible for any costs incurred. In the event of a dispute between the parties, the Sales Contract provides for non-binding MEDIATION between the parties followed by BINDING ARBITRATION if mediation is unsuccessful.

4. Seller agrees to provide a SELLER'S DISCLOSURE STATEMENT using the Board of Realtor's current and standard form for such disclosure, and to provide additional disclosure for any newly discovered material facts which become known during the escrow process.

5. Seller shall provide and Buyer acknowledge receipt of the following DOCUMENTS: (a) Final Public Report, (b) Declaration of Condominium Property Regime, (c) Bylaws of the Association, (d) Condominium Map, (e) Escrow Agreement, and any other documents required by Chapter 514A State of Hawaii Revised Statutes. The Buyer shall have the RIGHT TO CANCEL the contract up to thirty (30) days after receipt of documents.

6. TIME IS OF THE ESSENCE in this contract. If, for reason's beyond Buyer's or Seller's control, a party cannot perform so as to close by the Schedule Closing Date, then such party may extend the Scheduled Closing Date by up to thirty (30) days by delivery of written notice to Escrow and the other party to allow performance. Thereafter, any further extension of the Scheduled Closing Date must be agreed to in writing by both parties.

7. SELLER'S AND BUYER'S BROKERS advise their clients to consult their respective attorneys, accountants, and other professionals regarding the transaction. Buyer and Seller acknowledge that they are not relying on the Brokers for such information, and that the Brokers shall not be held liable in the event of the Buyer's or Seller's failure to perform pursuant to the contract.

Note: The above summary explains only a portion of the terms and provisions contained in the Sales Contract. The Buyer should refer to the full Sales Contract to determine actual rights and obligations.

EXHIBIT "E"

SUMMARY OF ESCROW AGREEMENT

THE FULL ESCROW AGREEMENT SHOULD BE REFERRED TO FOR A FULL EXPLANATION OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES, AND THE FULL ESCROW AGREEMENT, NOT THIS SUMMARY, SHALL GOVERN ANY CONFLICT BETWEEN THE TWO DOCUMENTS.

The Escrow Agreement between FIDELITY NATIONAL TITLE INSURANCE CO., INC. ("Escrow") and MICHAEL WYATT GABRIAN and LINDA ANN GABRIAN, contains the following provisions, among others, which may be modified or otherwise limited by provisions not here summarized:

1. Whenever a fully executed Sales Contract is made on the OLU MAUNA CONDOMINIUM PROJECT, the Sales Contract shall be entered into escrow; the Sales Contract shall direct that all payments be made to escrow, deposited in an account for the Project, and disbursed from Escrow as directed by the Sales Contract and the Escrow.
2. No disbursements shall be made by Escrow to Seller until: (a) 48 hours have elapsed since Buyer's receipt of the Project's Final Public Report; (b) Buyer has waived the right to cancel the Sales Contract by signing; (c) Seller has notified Escrow that all other requirements of Hawaii Revised Statutes Sections 514A-39 and 514A-63 have been met.
3. Escrow shall refund Buyer's funds, less a cancellation fee, if (a) less than 48 hours have elapsed since buyer received a true copy of the Project's Final Public Report and Buyer makes written request to cancel the escrow; (b) Buyer exercises a right to cancel as provided under Hawaii Revised Statutes, Chapter 514A; or (c) after Buyer's having signed the waiver of his right to cancel in accordance with 514A-62, Hawaii Revised Statutes, there shall be material change in the Project entitling Buyer to cancel the Sales Contract pursuant to Section 514-A-63, Hawaii Revised Statutes
4. Upon closing, Escrow shall deliver an Apartment Deed to Buyer, disburse funds to Seller, and record all documents as is customary in the Bureau of Conveyances of the State of Hawaii.
5. Escrow shall have no responsibility for the validity or sufficiency of any CPR documents generated by Seller. Escrow shall not be called upon to resolve any disputes arising between Buyer and Seller.
6. Escrow shall be entitled to compensation for services at a standard schedule rate and as provided by the Sales Contract.

END OF EXHIBIT "E"