

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KLI Condo LLC
Address 1441 Kapiolani Blvd., Honolulu, Hawaii 96814

Project Name (*): KAMANU PLAZA
Address: Lot C35 of Kaloko Business Park, Maiau & Kamanu Streets, Kona, Hawaii

Registration No. 4514 Effective date: December 6, 2000
Expiration date: January 6, 2002

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 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:

SPECIAL ATTENTION

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

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

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: KLI Condo LLC Phone: (808) 955-1123
Name* (Business)
 1441 Kapiolani Blvd.
Business Address
 Honolulu, Hawaii 96814

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):

Manager: Hideki Hayashi
Member: TSA Hawaii, Inc.

Real Estate Broker*: Charles William Clarke Phone: (808) 885-8533
Name (Business)
 P. O. Box 2245
Business Address
 Kamuela, Hawaii 96743

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
 235 Queen Street
Business Address
 Honolulu, Hawaii 96813

General Contractor*: Puanani O'Kula, Inc. Phone: (808) 879-7777
Name (Kenneth N. Kato) (Business)
 P. O. Box 899
Business Address
 Kihei, Hawaii 96753

Condominium Managing Agent*: To be selected Phone: _____
Name (Business)

Business Address

Attorney for Developer: Davis Wright Tremaine Phone: (808) 275-0123
Name (Business)
 1001 Bishop Street, 1360 Pauahi Tower
Business Address
 Honolulu, Hawaii 96813
ATTN: Mark K. Mukai, Esq.

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

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

1. The non-exclusive right to grant within the Common Elements (other than the Limited Common Elements), easements and rights-of-way over, under, and across the Common Elements (other than the Limited Common Elements) for utilities, sanitary and storm sewers, drains, cable television and other utility services and the right to relocate, realign or cancel the same.
2. The exclusive right to use all areas of the Project to conduct sales of Apartments at the Project until Apartment Deeds are issued to Apartment purchasers with respect to all Apartments in the Project.
3. The non-exclusive right from time to time consolidate, subdivide or resubdivide Apartments into different warehouse configurations and to assign and reassign the Limited Common Interest in parking stalls as set forth herein to another Apartment in the Project.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: Lot C35 of Kaloko Business Tax Map Key (TMK): (3) 7-3-51-96
Park, Maiau & Kamanu Streets,
Kona, Hawaii

Address TMK is expected to change because N/A

Land Area: 46,246 square feet acre(s) Zoning: MI-1A (Limited Industrial)

Fee Owner: TSA International Limited *

Name
1441 Kapiolani Blvd., Suite 1905
Address
Honolulu, Hawaii 96814

*the developer has an option to purchase the land and developer will exercise this option at any time during the twenty-four (24) month period following October 3, 2000.

Lessor:
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: 1 Floors Per Building: 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	<u>Use Permitted By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<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"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Industrial	<u>4</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<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: No pets

Number of Occupants: No occupants; storage only

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: N/A Stairways: 0 Trash Chutes: N/A

Apt. Type	Quantity	BR/Bath	Net Living Area (sq)*	Net Other Area (sq)	(Identify)
Unit A/D	1	N/A	N/A	4,500	Warehouse
Unit D/G	1	N/A	N/A	4,500	Warehouse
Unit G/K	1	N/A	N/A	4,500	Warehouse
Unit K/N	1	N/A	N/A	4,500	Warehouse

Total Number of Apartments: 4

* 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: Consist of the spaces within the perimeter walls, floors and ceilings of each of the four (4) Apartment units of the Project. The Apartments do not include: (i) the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, (ii) the undecorated or unfinished surface of the floors and ceilings, (iii) any pipes, shafts, wires, conduits or other utility or service lines, (iv) any tinted windows including any film or other coating thereon. Each Apartment shall be deemed to include (i) all the walls and partitions which are not load-bearing within its perimeter walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors or panels along the perimeters, (v) all cranks, frames and other window or sliding door hardware, and (vi) all appliances and fixtures installed therein and replacements thereof.

Permitted Alterations to Apartments:

Each Owner of an Apartment shall have the right at any time and from time to time at his sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner or the amendment of the Declaration, but with the prior approval of the Board and with the presentation of such plans and specifications and other materials as the Board may require, to make any of the following alterations solely within the Apartment: to install, maintain, remove, and rearrange partitions and other structures from time to time within such Apartment, and to paint, paper, panel, plaster, tile, finish, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls within any such Apartment; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, adversely affect any other Apartment, alter the uniform external appearance of the Project, or affect or impair any easement or right of any other Apartment Owner.

7. Parking Stalls:

Total Parking Stalls:	<u>36</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u>	<u>Covered</u>	<u>Open</u>	TOTAL
Assigned (for each unit)	<u>24</u>	_____	_____	<u>24</u>
Guest	<u>12</u>	_____	_____	<u>12</u>
Unassigned	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Covered & Open:	<u>36</u>	<u>0</u>	<u>0</u>	<u>36</u>

Each apartment will have the exclusive use of at least 6 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

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

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

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

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<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 E .

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:

a. Each wall between two (2) adjoining apartments shall be a Limited Common Element appurtenant to such Apartments when (a) both such Apartments are owned by the same Apartment Owner and (b) the Board has approved the designation of a portion of such wall for access between the two (2) Apartments pursuant to the Declaration.

b. One (1) or more parking stalls as designated in the Declaration and as shown on the Condominium Map. Upon compliance with Section 514A-14 Hawaii Revised Statutes, each Owner shall have the right from time to time to assign and reassign the Limited Common Interest in parking stalls to another Apartment in the Project.

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: Each Apartment has a 25% common interest.

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 A describes the encumbrances against the title contained in the title report dated September 14, 2000 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.

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 will lose their interest if Developer defaults or lien is foreclosed prior to conveyance. Buyer's deposit will be returned to Buyer if Developer defaults or lien is foreclosed.

F. Construction Warranties:

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

1. Building and Other Improvements:
The Apartments are sold "as is" and the Developer makes no warranties, express or implied, regarding the Apartments.

2. Appliances:

No appliances are being sold with the Apartments.

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

The projected commencement date of construction will be no later than the date the developer enters into reservation agreements for all 4 units under a Preliminary Public Report. The completion date is estimated to be six (6) months thereafter.

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

C. **Utility Charges for Apartments:**

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

- None Electricity (Common Elements only Common Elements & Apartments)
- Gas (Common Elements only Common Elements & Apartments)
- Water Sewer Television Cable
- Other Refuse Collection

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 20, 2000
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

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

This Public Report is a part of Registration No. 4514 filed with the Real Estate Commission on October 23, 2000.

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

YELLOW paper stock

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C. Additional Information Not Covered Above

None

EXHIBIT "A"

**CONDOMINIUM PUBLIC REPORT
KAMANU PLAZA**

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the County of Hawaii, Department of Finance, Real Property Assessment Division, for information.

2. IMPROVEMENT ASSESSMENT:

DISTRICT NO. 17	LOT NO. 41
PAYABLE	: 228 installments
BALANCE	: \$10,890.63
INSTALLMENT NO. 100	: \$51.14
INTEREST 9.5%	: \$87.43
COLLECTION CHARGE	: \$.69
TOTAL	: \$139.26 Due: 9/28/2000

(A) ORDINANCE NO. 99 115 dated November 17, 1999, recorded as Document No. 99-200860, by the COUNCIL of the COUNTY OF HAWAII.

(B) CERTIFICATE OF ASSESSMENT LIEN dated November 17, 1999, recorded as Document No. 99-200861, by the COUNTY OF HAWAII.

3. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : TSA INTERNATIONAL, LIMITED, a Hawaii corporation

MORTGAGEE : KUMAGAI PROPERTIES, INC., a Hawaii corporation

DATED : December 19, 1984

RECORDED : Liber 18343 Page 240

AMOUNT : \$3,000,000.00 – covers the land described herein, besides other land

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : December 4, 1987

RECORDED : Liber 21469 Page 599

By SUBORDINATION AGREEMENT dated June 29, 1993, recorded as Document No. 93-128140, the above Mortgage, as amended, was subordinated to that certain Master Declaration of Restrictive Covenants dated March 4, 1991, recorded as Document No. 91-041779, as amended.

By SUBORDINATION AGREEMENT dated June 29, 1993, recorded as Document No. 93-128143, the above Mortgage, as amended, was subordinated to that certain Declaration of Restrictive Covenants dated August 6, 1993, recorded as Document No. 93-128141.

ABOVE MORTGAGE BY MESNE ASSIGNMENTS ASSIGNED

TO : TSA INTERNATIONAL, LIMITED a Hawaii corporation

DATED : December 15, 1999

RECORDED : Document No. 2000-000916

4. SECOND MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : TSA INTERNATIONAL, LIMITED, a Hawaii corporation

MORTGAGEE : KUMAGAI PROPERTIES, INC., a Hawaii corporation

DATED : December 27, 1985

RECORDED : Liber 19222 Page 270

AMOUNT : \$1,040,000.00 – covers the land described herein, besides other land

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : December 4, 1987

RECORDED : Liber 21469 Page 599

By SUBORDINATION AGREEMENT dated June 29, 1993, recorded as Document No. 93-128140, the above Mortgage, as amended, was subordinated to that certain Master Declaration of Restrictive Covenants dated March 4, 1991, recorded as Document No. 91-041779, as amended.

By SUBORDINATION AGREEMENT dated June 29, 1993, recorded as Document No. 93-128143, the above Mortgage, as amended, was subordinated to that certain Declaration of Restrictive Covenants dated August 6, 1993, recorded as Document No. 93-128141.

ABOVE MORTGAGE BY MESNE ASSIGNMENTS ASSIGNED

TO : TSA INTERNATIONAL, LIMITED, a Hawaii corporation
DATED : December 15, 1999
RECORDED : Document No. 2000-000916

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS
DATED : August 6, 1993
RECORDED : Document No. 93-128141

CONSENT thereto given by THE INDUSTRIAL BANK OF JAPAN, LIMITED, LOS ANGELES AGENCY, a Japan corporation, dated July 22, 1993, recorded as Document No. 93-128142.

CONSENT thereto given by KUMAGAI PROPERTIES, INC., a Hawaii corporation, dated June 29, 1993, recorded as Document No. 93-128143.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : MASTER DECLARATION OF RESTRICTIVE COVENANTS
DATED : March 4, 1991
RECORDED : Document No. 91-041779

The foregoing includes, but is not limited to, matters relating to association liens which may be superior to certain mortgages.

Said Declaration was amended by instrument dated July 30, 1993, recorded as Document No. 93-128138.

CONSENT thereto given by THE INDUSTRIAL BANK OF JAPAN, LIMITED, LOS ANGELES AGENCY, a Japan corporation, dated July 22, 1993, recorded as Document No. 93-128139.

CONSENT thereto given by KUMAGAI PROPERTIES, INC., a Hawaii corporation, dated June 29, 1993, recorded as Document No. 93-128140.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS –
KALOKO LIGHT INDUSTRIAL PARK UNIT II

DATED : October 27, 1999

RECORDED : Document No. 99-191917

8. Claims arising out of the failure to convey the land described herein together with an easement over or interest in Roadway Lot(s) C-39, C-40, C-41 and portion of C-44.
9. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey or archaeological study would disclose.
10. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.
11. Terms, provisions, covenants, conditions and reservations contained in said Declaration.
12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the By-Laws of the Association of Apartment Owners of the Condominium Project known as “Kamanu Plaza” dated _____, 2000, recorded in said Bureau as Document No. _____, as the same may hereafter be amended.
13. Condominium Map No. _____, recorded in said Bureau.

TOGETHER, ALSO, WITH all built-in furniture and attached fixtures.

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>	
Apartment:	\$/month	\$/year
Unit A/D, 4,500 sqf.	\$542.94	\$6,515.25
Unit D/G, 4,500 sqf.	\$542.94	\$6,515.25
Unit G/K, 4,500 sqf.	\$542.94	\$6,515.25
Unit K/N, 4,500 sqf.	\$542.94	\$6,515.25
	Total	\$26,061.00

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

Estimate of Maintenance Fee Disbursements:

	\$/month	\$/year
Utilities and Services		
Air Conditioning	n/a	n/a
Electricity		
Common elements only	\$100	\$1,200
Common elements and apartments	n/a	n/a
Elevator	n/a	n/a
Gas		
Common elements only	n/a	n/a
Common elements and apartments	n/a	n/a
Refuse Collection	\$250	\$3,000
Telephone	n/a	n/a
Water and Sewer	\$500	\$6,000
Maintenance, Repairs and Supplies		
Building	\$100	\$1,200
Grounds	\$100	\$1,200
Management		
Management Fee	\$500	\$6,000
Payroll and Payroll Taxes		
Office Expenses		
Insurance		\$3,000
Reserves		\$2,000
Taxes and Government Assessments	\$143	\$1,711
Audit Fees		\$750
Other		
Estimated annual expense total		\$26,061

I, Hideki Hayashi, as agent for/and/or employed by KLI CONDO LLC, the condominium managing agent/developer for the Kamanu Plaza 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.



 Signature

October 23, 2000

 Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT “C”

CONDOMINIUM PUBLIC REPORT KAMANU TERRACE

SUMMARY OF SALES CONTRACT

The unexecuted Reservation Agreement, Sales Contract and Receipt (“Sales Contract”), filed with the Real Estate Commission, provides for, among other things, a description of the warehouse apartment to be sold, information concerning the purchaser, the purchase price, the time, manner and place of payment, and the Developer's disclaimers regarding construction of the Project, and the remedies of Developer and Purchaser in the event of a default under the Contract.

Among other provisions, the specimen Sales Contract provides:

1. That all apartments, the Common Elements, or anything installed in the Project are sold “AS IS”; that SELLER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, OR THE COMMON ELEMENTS OR THE PROJECT; that Purchaser acknowledges that Seller has made no warranties, express or implied, with respect to the Apartment, its quality or grade, or any Common Element or anything installed therein, its quality or grade; that without limiting the foregoing, Seller disclaims any and all responsibility or liability for any malfunctions, construction or design defects, or any other problems which Purchaser may encounter with respect to the Apartment, the Common Elements and/or the Project; and that Purchaser acknowledges Seller’s disclaimers, expressly waives any rights, claims or actions against Seller arising out of or connected with any defects with respect to the Apartment, the Common Elements and/or the Project.
2. That Seller’s sales activities, including the use of model units, signs and extensive sales displays and activities will continue in the Project until the sale of the last Apartment; that Seller also reserves the right to utilize unassigned or guest parking spaces in the Project for parking for prospective purchasers until the earlier to occur of (i) eighteen (18) months from the Closing Date or (ii) the sale of the last unsold Apartment in the Project; and that Seller also reserves the right for itself, its sales representatives and prospective purchasers to utilize the Common Elements for ingress and egress to such parking spaces and model units in order to show the Common Elements to prospective purchasers.
3. That the Sales Contract shall be binding when a true copy of the Final Public Report together with the Receipt Form required by Hawaii Revised Statutes Section 514A-62 is delivered to the Purchaser, the Purchaser has an opportunity to read said report(s), a Deemed Acceptance of the report(s) shall have taken place and, if applicable, the Purchaser shall have executed a Confirmation Agreement within thirty (30) days of the delivery thereof by the Seller; that if the Deemed Acceptance shall have occurred in any manner other than by waiver of the right to

cancel on the Receipt Form, the Sales Contract shall not become binding as a contract for the purchase and sale of the Apartment unless and until the Purchaser shall have executed a Confirmation Agreement; that in the event that Purchaser shall then fail to execute a Confirmation Agreement upon such presentation (or in the event that Seller is unable to locate Purchaser for delivery of the Final Public Report or the Confirmation Agreement), Seller shall have the right to cancel the Sales Contract.

4. That if the Purchaser shall at any time default in making any payment when required, or fail to perform any other obligation required of the Purchaser, the Sales Contract may, at Seller's option, be terminated by written notice to Purchaser; that in the event of such cancellation after the Effective Date of the Sales Contract, Seller may retain all amounts paid by Purchaser as liquidated damages; that the Seller and Purchaser acknowledge that they understand and have agreed that in such event the injury to Seller will be difficult and expensive to measure in view of Seller's financial commitments with respect to the Project and that as a reasonable estimate of Seller's fair compensation for any damages resulting from such default, the sums paid by the Purchaser under the Sales Contract shall belong to Seller as liquidated damages; that Seller may, in addition to the aforesaid damages, pursue any other remedy, including specific performance, permitted by law or equity; and that all costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.
5. That the sale of the apartment is to close on that date selected by Seller, as described in the Sales Contract, upon which the Apartment Deed and all other documents are recorded and filed and Escrow makes all distributions and payments involved in completing this sale transaction; and that the provisions of Hawaii Revised Statutes Chapter 514A applicable to sales contracts are incorporated into the Sales Contract by reference.
6. That the Sales Contract is subject to the provisions of the Declaration of Condominium Property Regime, Bylaws, and other condominium documents.

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

EXHIBIT "D"

CONDOMINIUM PUBLIC REPORT KAMANU PLAZA

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

A copy of the executed Condominium Escrow Agreement ("Escrow Agreement") dated October 20, 2000 by and between Title Guaranty Escrow Services, Inc. ("Escrow") and the Developer has been filed with the Real Estate Commission. The Escrow Agreement provides for the deposit of Purchaser's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds.

The Escrow Agreement provides in part that any interest earned on deposits belongs to the Developer.

In the event that the Sales Contract under Chapter 514A Hawaii Revised Statutes, as amended, entitles a Purchaser to a refund of Purchaser's deposit held by Escrow, then Escrow, upon instruction from Developer, will refund Purchaser's deposit, without interest earned.

The total amount of the Escrow cancellation fee is \$25.00 plus 4% State Tax. Under the Escrow Agreement, no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions Chapter 514A Hawaii Revised Statutes, as amended.

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

EXHIBIT E

Common Elements

- (a) The land in fee simple;
- (b) All unfinished, undecorated portions of all perimeter (including party) and interior load-bearing walls, the undercoated or unfinished surfaces of floors and ceilings, all structural components, foundations, floor slabs, columns, girders, beams, supports, ceilings and spaces between the ceiling and the floor slab or roof above, tinted windows including any film or other coating thereon, and roofs;
- (c) All yards, grounds planters, trellises and landscaping and all refuse facilities, if any, whether within or appurtenant to the Project;
- (d) All roads, parking areas, driveways, ramps, loading areas and walkways which are rationally of common use by Owners of more than one Apartment;
- (e) All ducts, sewer lines, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution;
- (f) Elevators, open storage areas designated at the parking levels, hallways, corridors, interior and exterior stairs, stairways, the lobby, equipment rooms, roof equipment enclosures and other similar areas which are not part of an Apartment;
- (g) Four (4) mailboxes; one for each dwelling;
- (h) Any central air conditioning equipment or apparatus, including equipment or apparatus within an Apartment including, without limitation the control unit console, thermostats, switches, vents and ducts; and
- (i) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.