

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KUAKINI VILLAS, LLC, a Hawaii limited liability company
Address 75-5722 Kuakini Hwy., Suite 103, Kailua-Kona, HI 96740
Project Name(\*): KUAKINI VILLAS
Address: Kuakini Hwy., Kailua-Kona, Hawaii

Registration No. 4518

Effective date: November 28, 2000

Expiration date: December 28, 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, 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:

- X PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports.

(\*) Exactly as named in the Declaration

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report                       Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

<b>SPECIAL ATTENTION SHOULD BE GIVEN TO THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "J")</b>
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**SPECIAL ATTENTION**

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

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS 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 owner/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 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: KUAKINI VILLAS, LLC, Phone: (562) 989-8785  
a Hawaii limited liability company (Business)  
Name\*  
75-5722 Kuakini Hwy, Suite 103  
Business Address  
Kailua-Kona, HI 96740

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):

MJO-DLD INVESTMENT PARTNERS, a California general partnership (Member), and David L. Davies (Manager)

Real Estate Broker\*: CLARK REALTY CORPORATION Phone: (808) 329-5255  
Name (Business)  
75-5722 Kuakini Hwy, Suite 103  
Business Address  
Kailua-Kona, HI 96740

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 329-8227  
Name (Business)  
75-5722 Kuakini Hwy, Suite 210  
Business Address  
Kailua-Kona, HI 96740

General Contractor\*: None Selected Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address

Condominium Managing Agent\*: KBR MANAGEMENT & REALTY, LTD. Phone: (808) 329-8555  
Name (Business)  
P. O. Box 5260  
Business Address  
Kailua-Kona, HI 96740

Attorney for Developer: WALLACE H. GALLUP, JR. Phone: (808) 329-5014  
Name (Business)  
75-5591 Palani Rd., Suite 3007  
Business Address  
Kailua-Kona, HI 96740

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

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document Number \_\_\_\_\_

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 Condominium Map No. \_\_\_\_\_  
 Filed - Land Court Condominium 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 Number \_\_\_\_\_

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>Majority Vote of 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:

[See Exhibit J to this public report]

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which includes 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: Kuakini Hwy. \_\_\_\_\_ Tax Map Key: (3) 7-5-018-028 \_\_\_\_\_  
Kailua-Kona, Hawaii \_\_\_\_\_ (TMK)

Address  TMK is expected to change because A specific street address will be assigned when mailboxes are installed by the Developer and there will then be regular mail delivery to the project \_\_\_\_\_

Land Area: 2.729 \_\_\_\_\_  square feet  acre(s) Zoning: RM-2 \_\_\_\_\_

Fee Owner: KUAKINI VILLAS, LLC, a Hawaii limited liability company  
Name

75-5722 Kuakini Hwy, Suite 103  
Address

Kailua-Kona, HI 96740

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: 3 Floors Per Building 3

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Exterior insulation and finish system with stucco like appearance, metal, glass and related building materials.

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 checked="" type="checkbox"/> Residential	<u>54</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

5. Special Use Restrictions:

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

- Pets: The Board, by resolution or written consent, may authorize the keeping of certain types of pets. (See Bylaws 12.1 for limitations and exceptions concerning pets)
- Number of Occupants: 3 people in one bedroom apartments and 5 people in two bedroom apartments (See Project Rules C.2.)
- Other: \_\_\_\_\_
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 3                      Stairways: 8 full and 1 partial                      Trash Chutes: 0

<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>I-End</u>	<u>9</u>	<u>1/1</u>	<u>959</u>	<u>112</u>	<u>Lanai</u>
<u>II</u>	<u>15</u>	<u>2/2</u>	<u>1361</u>	<u>164</u>	<u>Lanai</u>
<u>II-End</u>	<u>9</u>	<u>2/2</u>	<u>1388</u>	<u>164</u>	<u>Lanai</u>
<u>III</u>	<u>12</u>	<u>2/2</u>	<u>1385</u>	<u>122</u>	<u>Lanai</u>
<u>III-a</u>	<u>3</u>	<u>2/2</u>	<u>1375</u>	<u>122</u>	<u>Lanai</u>
<u>IV</u>	<u>6</u>	<u>2/2</u>	<u>1367</u>	<u>164</u>	<u>Lanai</u>

Total Number of Apartments                      54

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. The floor areas shown are approximate only.**

**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.** The areas of the apartments are likely to vary somewhat. Even apartments of the same type may differ in their actual areas. The Developer makes no representations or warranties as to the floor area of any particular apartment.

**Boundaries of Each Apartment:** See Exhibit "A" attached to this public report.

**Permitted Alterations to Apartments:**

Alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment shall require the written approval of the Board of Directors, all apartment owners directly affected, as determined by the Board of Directors, first mortgage lien holders of such an apartment (if required) and appropriate government agencies. Any alteration or addition different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment to the condominium declaration, as provided in Section I. of the condominium declaration. The Developer may make certain alterations as provided in Section L of the condominium declaration. See Exhibit J to this public report.

**Apartments Designated for Owner-Occupants Only:**

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement. Developer has elected to provide this information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 84

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>          </u>	<u>43</u>	<u>          </u>	<u>11</u>	<u>          </u>	<u>          </u>	<u>          </u>
Guest	<u>          </u>						
Unassigned	<u>          </u>						
Extra for Purchase	<u>          </u>						
Other*	<u>          </u>	<u>20</u>	<u>          </u>	<u>10</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Covered & Open:	<u>63</u>		<u>21</u>		<u>0</u>		<u>84</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

\*The Developer has reserved the right to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the Project, or as guest parking stalls for the Project. See Exhibit J to this public report.

Commercial parking garage permitted in condominium project.

Exhibit B 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: Pavilion, Exercise Room, Pool Restrooms, Barbeque Equipment, Food Service Area, Spa

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):

(Not Applicable.)

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   C  .

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   D  .

as follows:

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

described in Exhibit   E  .

as follows:

- 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   F   describes the encumbrances against the title contained in the title report dated October 2, 2000 and issued by First Hawaii Title Corporation.

**Blanket Liens:**

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage(s)	Buyer's interest is subject and subordinate to such liens (Buyer's interest can be terminated and deposit refunded, less escrow cancellation fees).

**Note:** At the time of the first conveyance of each apartment, the blanket lien(s) shall be released of record from the apartment being conveyed and it appurtenant common interest.

**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 developer will require from the general contractor for the Project a written warranty with respect to any defects in the Apartment and the common elements due to faulty materials and/or workmanship which are discovered and reported within one year from the date of substantial completion of the Apartment or the common elements, as applicable. The developer also will, without incurring any legal liability therefor, cooperate with the Buyer and use reasonable efforts to have all such warranties performed by the general contractor to the fullest extent thereof. THE DEVELOPER, HOWEVER, MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROJECT OR CONSUMER PRODUCTS OR OTHER THINGS WHICH MAY BE INSTALLED OR WHICH ARE CONTAINED IN THE APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. **Appliances:**

With respect to appliances or other consumer products included in the Buyer's purchase of the Apartment, the apartment deed will operate as an assignment from the developer to the Buyer of all manufacturer's or dealer's warranties, if any, covering any such appliances or consumer products for the unexpired term thereof, to the extent that the developer has the right and power to make such an assignment.

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

The land has been cleared, however, no construction has yet commenced. The developer has advised the Commission that it presently intends to commence construction on the first increment of the project by March 1, 2001 and complete construction of the first increment of the project within one (1) year after the date of commencement.

**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, deletions, mergers or phasing):

See Exhibit "J" of this public report for a summary of the developer's rights to build the project in increments.



## 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 H contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated October 16, 2000

Exhibit I 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 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 4518 filed with the Real Estate Commission on October 21, 2000.

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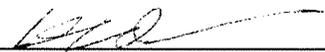
C. **Additional Information Not Covered Above**

NONE

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

KUAKINI VILLAS, a Hawaii limited liability company

\_\_\_\_\_  
 Printed Name of Developer

By:   
 Duly Authorized Signatory

10/19/2000  
 Date

DAVID L. DAVIES, Manager

\_\_\_\_\_  
 Print Name and Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii  
 Planning Department, County of Hawaii

## **EXHIBIT A**

### DESCRIPTION OF BUILDINGS

The Project shall contain three residential apartment buildings, one of which shall contain twenty-one apartments, one of which shall contain eighteen apartments, and one of which shall contain fifteen apartments. Each apartment building shall have three stories or levels. None of the buildings shall have a basement. The buildings shall be constructed principally of concrete, an exterior insulation and finish system with a stucco like appearance, wood, steel, glass and related building materials.

There shall be three different building types in the Project, designated as Building Types A, B and C. Building A shall have twenty-one apartments, of which three are Type II-End apartments, nine are Type II apartments, three are Type IV apartments, three are Type III apartments, and three are Type I-End. Building Type B shall have eighteen apartments, of which three are Type I-End apartments, six are Type II apartments, three are Type III apartments, three are Type IV apartments, and three are Type II-End. Building Type C shall have fifteen apartments, of which three are Type I-End apartments, three are Type II-End apartments, six are Type III apartments, and three are Type III-a apartments.

Each building is identified on the Condominium Map by a capital letter designation (for example "A", "B", or "C" ). The following is a list of all of the Project's buildings by building type and letter designation:

<u>Building Type</u>	<u>Building</u>
A	A
B	B
C	C

### BOUNDARIES OF APARTMENTS

Each Apartment includes all walls, columns and partitions which are not load-bearing within the Apartment's perimeter walls (an Apartment's perimeter walls include the perimeter walls of the compartment in which the air condensor that serves the Apartment is contained), the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais and to the interior edge of the exterior railings of lanais having railings and to the exterior edge of those lanais that are on the ground level and do not have railings, all fixtures originally installed in the Apartment, and all pipes, plumbing (including water heater), wires, conduits, air handler and condensor and other air conditioning equipment and related ducts, and other utility or service lines and facilities servicing only the Apartment.

The Apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Apartment, the exterior railings or other exterior boundaries of the lanais, if any, shown on the Condominium Map, the entry arca shown on the Condominium Map, or any pipes, shafts, wires, conduits or other utility or service lines running through an Apartment which are utilized for or serve more than one Apartment, all of which are deemed common elements as provided in this Declaration.

**EXHIBIT B**  
**PARKING STALLS**

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the uncovered parking stall(s) designated below, located as shown on the Condominium Map.

<u>APT. NUMBER</u>	<u>STALL #</u>	<u>APT. NUMBER</u>	<u>STALL #</u>
A101	13	B201	48
A102	10	B202	45
A103	7	B203	42
A104	4	B204	31
A105	15	B205	34
A106	20	B206	37
A107	23	B301	49
A201	14	B302	46
A202	11	B303	43
A203	8	B304	32
A204	5	B305	35
A205	18	B306	38
A206	21	C101	80
A207	24	C102	77C
A301	15	C103	74C
A302	12	C104	71C
A303	9	C105	68C
A304	6	C201	81
A305	19	C202	78C
A306	22	C203	75C
A307	25	C204	72C
B101	47	C205	69C
B102	44	C301	82
B103	41	C302	79
B104	30	C303	76C
B105	33	C304	73C
B106	36	C305	70C

**Note:** A parking stall marked with a "C", as shown on the list above and on the Condominium Map, indicates a parking stall that is "compact" in size. A parking stall marked with a number designation only, as shown on the list above and on the Condominium Map, indicates a parking stall that is "standard" in size. A parking stall marked with an "HC" indicates a parking stall that is oversized for the handicapped. The additional "C" and "HC" markings appearing on the list above and/or the Condominium Map are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of legal identification being the numerical designation of the parking stall.

**The Declarant has reserved the right, by amendment to this Declaration in accordance with Section R.2, to convey or otherwise designate any parking stall not designated above as a limited common element to be appurtenant to and for the exclusive use of any apartment in the Project or to be used as a guest parking stall for the Project.**

## EXHIBIT C

### COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A", in fee simple.
2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceiling (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings (including lanai railings and glass panels), entrances and exits of the buildings and/or apartments, elevators, and other building appurtenances, including, but not limited to, the electrical cabinets and compartments for water heaters, if any, located on the exteriors of the buildings.
3. All yards, grounds, gardens, planters, plants, landscaping, refuse facilities, pool, spa and other recreational facilities, if any.
4. All sidewalks, pathways, driveways, roads, parking areas and parking stalls.
5. All ducts, electrical equipment, transformers, wiring, pipes, fire sprinkling systems, and other central and appurtenant transmissions facilities and installations over, under and across the Project which are utilized by or serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
6. The Pavilion and all other areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one apartment, such as project management, electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein, restrooms and recreation rooms/areas.
7. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A".
8. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
9. All other parts of the Project which are not included in the definition of an apartment.

## **EXHIBIT D**

### **LIMITED COMMON ELEMENTS**

Certain apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. **Parking Stalls:**

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use such parking stall(s) as designated on Exhibit "B" to this Public Report.

2. **Mailboxes:**

Each mailbox bearing the same identification as an apartment is a limited common element appurtenant to that apartment.

**EXHIBIT E**  
COMMON INTERESTS

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
I-End	A107, A207, A307, B101, B201, B301, C105, C205, C305	1.3688%
II	A102, A202, A302, A103, A203, A303, A106, A206, A306, B102, B202, B302, B105, B205, B305	1.9485%
II-End	A101, A201, A301, B106, B206, B306, C101, C201, C301	1.9485%
III	A105, A205, A305, B103, B203, B303, C102, C202, C302, C103, C203, C303	1.9485%
III-a	C104, C204, C304	1.9485%
IV	A104, A204, A304, B104, B204, B304	1.9485%
	TOTAL	100.0017% rounded to nearest hundredth equals 100.00%

**EXHIBIT F**

**ENCUMBRANCES AGAINST TITLE**

1. Any and all Real Property Taxes that may be due and owing, reference is made to the Director of Finance, County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Claims arising out of customary and traditional rights and practices, including without limitation, those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.
4. Mortgage in favor of Katsuhiko Onishi, husband of Fujiko Onishi, as to an undivided eighty percent (80%) interest, and Takio Takahashi, unmarried, as to an undivided twenty percent (20%) interest, as Tenants in Common, dated August 21, 2000, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2646910 in the principal sum of \$560,000.00.

**EXHIBIT G**

**ESTIMATE OF INITIAL MAINTENANCE FEES**

KUAKINI VILLAS (54 apartments)		
<b>Apartment Type</b>	<b>Monthly Fee (per apt.)</b>	<b>Yearly Total (per apt.)</b>
I-End	\$186.69	\$2,240.28
II	\$265.75	\$3,189.00
II-End	\$265.75	\$3,189.00
III	\$265.75	\$3,189.00
III-a	\$265.75	\$3,189.00
IV	\$265.75	\$3,189.00

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**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	\$ 1,300.00	\$15,600.00
<input type="checkbox"/> common elements and apartments		
Elevator	\$ 1,500.00	\$18,000.00
Gas	N/A	
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$ 400.00	\$ 4,800.00
Telephone	\$ 75.00	\$ 900.00
Water and Sewer	\$ 3,120.00	\$37,440.00

Maintenance, Repairs and Supplies

Building	\$ 350.00	\$ 4,200.00
Grounds	\$ 320.00	\$ 3,840.00

Management

Management Fee	\$ 1,068.68	\$12,824.16
Payroll and Payroll Taxes	\$ 2,530.00	\$30,360.00
Office Expenses	\$ 75.00	\$ 900.00

Insurance

Property/Liability/E&O/Bond	\$ 1,300.00	\$15,600.00
Medical/Workers Comp	\$ 450.00	\$ 5,500.00

Reserves(*)	\$ 1,000.00	\$12,000.00
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Taxes and Government Assessments      N/A

Audit Fees & Income Tax Prep	\$ 150.00	\$ 1,800.00
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Other

TOTAL	\$13,638.68	\$163,664.16
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I, Keith T. Burley, as agent for/and/or employed by KBR Management & Realty, Inc., the condominium managing agent/developer for the Kuakini Villas 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

10/19/2000  
 \_\_\_\_\_  
 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 §514-A-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.

Developer's Explanation Regarding Replacement Reserve Figure

In arriving at the figure for "Reserves," as set forth in Exhibit G to the Condominium Public Report, the developer did not conduct a reserve study in accordance with HRS § 514A-83.6 or HAR § 16-107-65. The figure is an estimate, based on reasonable projections of reserve requirements.

KUAKINI VILLAS, a Hawaii limited liability company

By   
\_\_\_\_\_  
DAVID L. DAVIES  
Manager

Date: 10/19/2000

## **EXHIBIT H**

### SUMMARY OF SALES CONTRACT

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary, contingent or final) for the Project prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.
- (d) That the Sales Contract may be subordinate to the lien of a construction lender.
- (e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- (f) Requirements relating to the purchaser's financing of the purchase of an apartment.
- (g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- (h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.
- (i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.
- (j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.
- (l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

## **EXHIBIT I**

### **SUMMARY OF ESCROW AGREEMENT**

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) Except under certain circumstances as set forth in the Sales Contract, all deposits toward the purchase price shall be the property of the Developer.
- (d) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.

## **EXHIBIT J**

### RESERVED RIGHTS

- A. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file an "as built" statement required by Section 514A-12 of the Condominium Property Act.
- B. Until all of the apartments have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment.
- C. Until all of the apartments have been sold and the "as built" statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any apartment which has not been sold; and (ii) reflect minor changes in any apartment or in the common elements which do not affect the physical location, design or size of any apartment (other than minor changes to the size or dimensions of the yard area appurtenant to any apartment) which has been sold.
- D. The Developer may amend the Declaration to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the Project, or for use as guest stalls for the Project.
- F. RESERVATION TO DEVELOP INCREMENTALLY

The Developer has reserved the right, but is not obligated, to construct, sell and convey the apartments in the Project incrementally on a building-by-building or cluster-by-cluster basis. Upon the completion of each building or cluster, the Developer may obtain a certificate of occupancy for the apartments in such building or cluster and thereupon transfer ownership of the apartments to apartment purchasers. In connection with this incremental development, the Developer has the right to enter upon the Project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments to the Project. See Section O of the Declaration for details regarding the Developer's right to develop the Project in increments.