

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer PATRICK CORKIN SULLIVAN
Address P.O. Box 44606 -- Kamuela, Hawaii 96743

Project Name (\*): IIO'OKELA KOHALA, LOT 5
Address: Lot 744, Kahua 1st, Kahua and Waika, North Kohala, Hawaii

Registration No. 4578
Effective date: April 2, 2001
Expiration date: May 2, 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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

x FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[x] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated:
[ ] Final Public Report dated:
[ ] 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 as Exhibit "G"       Not Required - Disclosures covered in this report.

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

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

This is a CONDOMINIUM PROJECT, **not** a subdivision. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and does **not** represent 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 illustration purposes only and should not be construed to be formal subdivision lines.

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

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, **THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE.** The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

Unit 1 is presently comprised of a greenhouse structure, which may be defined as an "apartment unit" under the Condominium Property Act. See Additional Farm Dwelling Disclosure attached hereto as Exhibit "H".

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 owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may 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: PATRICK CORKIN SULLIVAN Phone: (808) 882-1586  
Name\* (Business)  
P.O. Box 44606  
Business Address  
Kamuela, Hawaii 96743

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: None selected. See page 20. Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 885-4822  
Name (Business)  
P.O. Box 1180  
Business Address  
Kamuela, Hawaii 96743

General Contractor\*: Randall W. King, dba REDWATER CONSTRUCTION Phone: (808) 882-1392  
Name (Business)  
9 Puako Beach Drive  
Business Address  
Kamuela, Hawaii 96743

Condominium Managing Agent\*: Project is to be self-managed by the Association of Condominium Owners Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Attorney for Developer: ROGER V. MEEKER Phone: (808) 885-9696  
Name (Business)  
P.O. Box 596  
Business Address  
Kamuela, Hawaii 96743

\* 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:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____ Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>2682618</u>

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:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No.	_____
<input checked="" type="checkbox"/>	Filed -	Land Court Condo Map No.	<u>1393</u>

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:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____ Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>2682619</u>

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>n/a</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:



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 744, Kahua 1st, Kahua and Waika Tax Map Key (TMK): 5-9-006-031 (3rd)  
North Kohala, Hawaii

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 3.00  square feet  acre(s) Zoning: A-3a

Fee Owner: PATRICK CORKIN SULLIVAN  
 Name  
P.O. Box 44606  
 Address  
Kamuela, Hawaii 96743

Lessor: N/A  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

C. **Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: 1  
 Exhibit A 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 type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
 Yes                             No

Note: The subject property is within the State Land Use Agricultural District, and is also zoned Agricultural by the County of Hawaii. "Farm Dwellings" and other structures appropriate to agricultural usage are permitted, subject to certain guidelines. See disclosures contained in Page 20a (Residential Dwellings within State Land Use Agricultural District) and Exhibit "H" of this Public Report (Additional Farm Dwelling Disclosure).

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: See By-Laws, Article V, Section 5.3.
- Number of Occupants: \_\_\_\_\_
- Other: \_\_\_\_\_
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 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>Unit 1</u>	<u>1</u>	<u>n/a</u>	<u>n/a</u>	<u>48</u>	<u>greenhouse</u>
<u>Unit 2</u>	<u>1</u>	<u>3/2</u>	<u>2,213</u>	<u>536</u>	<u>garage</u>
_____	_____	_____	_____	<u>331</u>	<u>patio</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment (Unit): See Exhibit "A" attached hereto.

Permitted Alterations to Apartments (Units): As noted in Section XVI of the Declaration, individual unit owners may, at their sole discretion and at their own expense, remodel, expand or otherwise alter their unit, provided said alterations are done in complete accordance with all applicable ordinances, codes, rules, regulations and other requirements in force at the time said alterations are made. All alterations shall be completed expeditiously and in the manner set forth in said Section XVI.

Apartments (Units) 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 (see attachment 11a). Developer has n/a elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 2 \*

	<u>Regular</u> <u>Covered Open</u>	<u>Compact</u> <u>Covered Open</u>	<u>Tandem</u> <u>Covered Open</u>	TOTAL
Assigned Unit 2 -- (for each unit)	<u>2</u>	-----	-----	<u>2</u>
Guest	-----	-----	-----	-----
Unassigned	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----
Other: * <u>Unit 2</u> has <u>ample space</u> for parking within its limited common element land area.	-----	-----	-----	-----
Total Covered & Open:	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>

Each apartment will have the exclusive use of at least one (1) 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   B  .

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     C    .

as follows:

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

described in Exhibit     B    .

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 January 23, 2001 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.

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	The Buyer's contract may be cancelled and the Buyer may lose all rights to acquire the unit. Buyer's deposit, less escrow cancellation fee, will be returned if default and foreclosure occur before conveyance. However, should the Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

**F. Construction Warranties:**

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

1. Building and Other Improvements: Unit 1: NONE  
Unit 2: Standard one-year building warranty from date of purchase.
  
2. Appliances: Unit 1: NONE  
Unit 2: Manufacturers' warranties, as applicable.

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

The greenhouse structure on Unit 1 was completed in January, 2001. Unit 2 is presently under construction and estimated to be completed on or around June 15, 2001.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer  the Developer or 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 G\* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). \*Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

C. **Utility Charges for Apartments:**

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

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

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants -- NOT APPLICABLE
- Specimen Sales Contract  
Exhibit   D   contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated   December 1, 2000    
Exhibit   E   contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

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

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and 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. NONE
- 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. 4578 filed with the Real Estate Commission on February 15, 2001.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

**C. Additional Information Not Covered Above**

Construction of Additional Improvements

As noted in Exhibit "A" of this Public Report, as well as in Section II of the Declaration, the owner of a condominium unit is permitted to construct additional improvements on said unit's limited common element land area as are allowed by applicable law. In the event that the owner of a unit makes additions to existing improvements and/or constructs any other new improvement(s), it will not be necessary to obtain a Supplementary Public Report for the Project; PROVIDED, HOWEVER, that the Declaration and Condominium Map are appropriately amended to reflect said addition(s), and that copies of said amended documents are provided to prospective purchasers.

Selection of Real Estate Broker

The developer has not selected a real estate broker for the sale of condominium units in the project. In the event the Developer chooses to use a real estate broker for the sale of a condominium unit, prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the Disclosure Abstract to the purchaser together with a copy of this Public Report disclosing the identity of the broker.

Mailboxes

Mailboxes have not been provided for the units, as there is no mail delivery to this area. Residents of the area customarily maintain a post office box at the local post office.

Disclosure regarding Performance Bond

The Developer has accepted a performance bond issued by Hawaii Planing Mill, Ltd. (HPM), a materials supply house (non-licensed surety). In connection therewith, the following conditions must be met:

- (1) All funds received from purchasers of condominium (apartment) units shall be placed in an escrow account established with the Project's escrow agent;
- (2) The purchaser's funds in escrow shall not be disbursed to pay for construction costs or other expenses of the development of the condominium project until both the completion of construction of the condominium unit to be conveyed and the closing of the sale of said unit;
- (3) If closing is to occur prior to the expiration of the applicable mechanics' lien period, then the Developer shall be required to (a) provide the purchaser with an owner's title insurance policy with a mechanics' lien endorsement, protecting the purchaser against all future mechanics' and materialmen's liens and (b) provide the Real Estate Commission with a release by the general contractor of the contractor's lien rights.

Residential Dwellings within State Land Use Agricultural District

Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Hawaii County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

*To: Applicants for Building Permits on Land in State Land Use Agricultural District.*

*This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".*

*Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling."*

*Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.*

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

\_\_\_\_\_  
*Signature of Applicant*

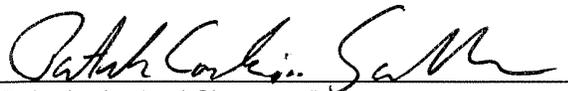
\_\_\_\_\_  
*Signature of Witness*

- D. The Developer declares subject to the penalties set forth in section 514-49(b) that this Project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the Project, pursuant to Act 251 (SLH 2000) [Section 514A- 1 ( 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.

**PATRICK CORKIN SULLIVAN**

---

Printed Name(s) of Developer

By:  12-7-00  
 Duly Authorized Signatory\* Date

**PATRICK CORKIN SULLIVAN, Owner**

---

Printed Name(s) & Title(s) of Person(s) Signing Above

Distribution:

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

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

## INDIVIDUAL UNIT DESCRIPTIONS

The Declaration of Condominium Property Regime and plans submitted by the Developer indicate that HO'OKELA KOHALA, LOT 5 is a fee simple condominium project consisting of a total of two condominium units, each unit comprised of a separate structure or structures. The units are described as follows:

- (a) "Unit 1" consists of the following: (1) a separate wood-frame greenhouse structure of approximately 48 square feet; and (2) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to said greenhouse structure, the owner thereof is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of this Declaration and all applicable buildings codes and zoning ordinances. The right to secure the building permit(s) for and construct said improvements vests solely with the owner of said unit, and the costs and expenses of any such future construction shall be borne solely by the owner of said unit.
  
- (b) "Unit 2" consists of the following: (1) a separate one-story wood-frame structure, without basement, containing three bedrooms, two baths, living room, dining room, kitchen and pantry -- all containing a net interior living area of approximately 2,213 square feet; (2) an attached laundry room of approximately 66 square feet; (3) an attached two-car garage of approximately 536 square feet; (4) an attached covered patio area of approximately 331 square feet; and (5) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to said existing improvements, the owner thereof is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of this Declaration and all applicable buildings codes and zoning ordinances. The right to secure the building permit(s) for and construct said additional improvements vests solely with the owner of said unit, and the costs and expenses of any such future construction shall be borne solely by the owner of said unit.

### **COMMON ELEMENTS**

One freehold estate is designated of all the remaining portions of the Project, herein referred to as "common elements", and include the limited common elements hereinafter described in "Exhibit C". Each unit owner may use the common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other unit owners. Said common elements include specifically, but are not limited to, the following:

- (a) The land in fee simple, subject to the provisions of Section IV of the Declaration;
- (b) The private water meter serving the parcel comprising the land portion of the Project;
- (c) All ducts, pumps, pipes, wires, conduits or other utility lines running over, under or through any unit or any limited common element appurtenant thereto which are utilized by or serve more than one unit, and other central and appurtenant installations for common services, if any, including but not limited to water, power, light, gas, sewage, irrigation, telephone and television cable;
- (d) Any and all other elements, installations and/or facilities rationally in common use or necessary to the existence, maintenance and safety of the Project, or normally in common use.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in Section IV of the Declaration or except as provided in the Condominium Property Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium unit(s) which are filed of record.

### **COMMON INTEREST**

Each unit and its owner(s) shall have appurtenant thereto an undivided one-half (1/2) fractional interest (50.0 percentage interest) in the common elements of the Project, for all purposes including voting, said interest being referred to as the "common interest".

Exhibit "B"

### **LIMITED COMMON ELEMENTS**

Certain parts of the common elements, herein referred to as the "limited common elements", are designated and set aside for the exclusive use of one or more condominium units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

- (a) That certain land area upon and around which "Unit 1" is located, shown and designated on the Condominium Map and being approximately 1.000 acre in area, is deemed a limited common element appurtenant to and for the exclusive use of "Unit 1". Said land area does not constitute a subdivided lot as defined by the applicable county zoning code, but does delineate the extent of the limited common element.
- (b) That certain land area upon and around which "Unit 2" is located, shown and designated on the Condominium Map and being approximately 2.000 acres in area, is deemed a limited common element appurtenant to and for the exclusive use of "Unit 2". Said land area does not constitute a subdivided lot as defined by the applicable county zoning code, but does delineate the extent of the limited common element.
- (c) All other common elements of the Project which are rationally related to less than all of the units of the Project shall be limited to the use of such unit(s) to which their use is rationally related and shall be deemed limited common elements.

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and/or improvement, shall be borne solely by the owner(s) of the unit(s) to which said limited common elements are appurtenant.

**NOTE:** The land area appurtenant to each unit does not represent a legally subdivided lot.

## SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

No sales of the condominium units are immediately contemplated. However, the Developer plans to use the Hawaii Association of Realtors' standard form of Deposit, Receipt, Offer and Acceptance (DROA) as the intended sales contract for the Project when and if sales later commence.

The sales contract contains the purchase price, description and location of the condominium unit and other terms and conditions under which a Buyer will agree to buy a condominium unit in the Project. Among other things, the sales contract (DROA):

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract by Buyer:
  - a. Seller may bring an action against Buyer for breach of contract;
  - b. Seller may retain Buyer's deposit(s);
  - c. Buyer shall be responsible for expenses incurred.

Provides the following remedies, in the event of default under the sales contract by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

Upon examination, the Developer represents that the proposed Sales Contract (DROA) is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is incumbent upon the purchaser and prospective purchaser that he reads the Sales Contract (DROA) with care.

Exhibit "D"

## SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

No sales of the condominium units are immediately contemplated. However, the Developer plans to use the Hawaii Association of Realtors' standard form of Deposit, Receipt, Offer and Acceptance (DROA) as the intended sales contract for the Project when and if sales later commence.

The sales contract contains the purchase price, description and location of the condominium unit and other terms and conditions under which a Buyer will agree to buy a condominium unit in the Project. Among other things, the sales contract (DROA):

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract by Buyer:
  - a. Seller may bring an action against Buyer for breach of contract;
  - b. Seller may retain Buyer's deposit(s);
  - c. Buyer shall be responsible for expenses incurred.

Provides the following remedies, in the event of default under the sales contract by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocation of payment

## SUMMARY OF ESCROW ARRANGEMENTS

The Developer does not plan to offer the condominium units for sale immediately. However, an Escrow Agreement dated December 1, 2000, has been submitted by the Developer, identifying First Hawaii Title Corporation as Escrow for the Project. This Agreement shall take effect when the Developer commences sales. The Escrow Agreement establishes how proceeds from the sale of condominium units and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds.

The Escrow Agreement provides that a Purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to Purchaser, without interest and less cancellation fee and costs, if Purchaser shall in writing request refund of his funds and (1) Escrow receives a written request from Developer to return to Purchaser the funds of such Purchaser; or (2) Developer notifies Escrow of Developer's intent to cancel or rescind the sales contract; or (3) Purchaser has exercised his right to cancel or rescind the sales contract pursuant to Section 514A-62 or 514A-63 of the Hawaii Revised Statutes; or (4) meets one of the conditions provided for in Section VI(e) of the Escrow Agreement. Except for a cancellation under Section VI(e) of the Escrow Agreement, Escrow will be entitled to deduct a cancellation fee from Purchaser's funds. Said cancellation fee shall be in the minimum of \$25.00, but in no event shall exceed the agreed-upon escrow fee provided for in said Escrow Agreement, the exact amount to be commensurate with the amount of work completed at the time of cancellation.

The Escrow Agreement also provides that a Purchaser shall be entitled to a refund of his funds (less fees as provided therein), if any one of the following events shall have occurred: (1) no sales contract is offered to a Purchaser who was placed on the Developer's reservation list of owner-occupant applicants; or (2) the Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) days following the end of the ten (10) calendar-day period during which the Developer is limited to selling to owner-occupants; or (3) the Purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or (4) the Purchaser indicates an intent not to become an owner-occupant of such unit.

The Escrow Agreement also provides that no disbursement of a Purchaser's funds shall be made until: (1) a Final Public Report has been issued on the Project, and a copy provided to Purchaser; (2) the requirements of Sections 514A-62 and 514A-63 of the Hawaii Revised Statutes shall have been met; and (3) the Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

SUMMARY OF ESCROW ARRANGEMENTS continued --

Finally, the Escrow Agreement provides that in the event that Purchaser defaults under the terms of the sales contract, all proceeds collected from Purchaser may be treated as liquidated damages and retained by Developer.

Upon examination, the Developer represents that the Escrow Agreement is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is encumbant upon the purchaser and prospective purchaser that he reads with care the Escrow Agreement.

## ENCUMBRANCES AGAINST TITLE

An encumbrance is a claim against or a liability on the property. The following list describes the encumbrances against the title contained in the status title report dated January 23, 2001, issued by First Hawaii Title Corporation:

1. Tax Map Key: (3) 5-9-006-031, County of Hawaii. Area assessed: 3.00 acres. For real property taxes as 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. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in that certain Declaration of Covenants, Conditions and Restrictions of Ho'okela Kohala, dated September 5, 1995 and filed as Land Court Document No. 2259231.
4. Easement "882" containing an area of 43 square feet, for electrical purposes, as shown on Map 97, as set forth by Land Court Order No. 119270, filed on December 29, 1994.
5. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC., a Hawaii corporation, and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, a Hawaii corporation, dated August 12, 1993, filed as Land Court Document No. 2236523; granting an easement for utility purposes.
6. Roadway Maintenance Agreement dated December 4, 1997, recorded in the Bureau of Conveyances State of Hawaii as Document No. 98-007464.
7. Mortgage in favor of AMERICAN SAVINGS BANK, F.S.B., a federal savings bank, dated May 10, 1999, filed in Land Court as Document No. 2544525. Original consideration: \$94,500.00
8. Mortgage in favor of AMERICAN SAVINGS BANK, F.S.B., a federal savings bank, dated January 17, 2001, filed in Land Court as Document No. 2678410. Original consideration: \$392,000.00

In addition to the above, the following documents have also been recorded:

9. Declaration of Condominium Property Regime dated December 1, 2000, filed as Land Court Document No. 2682618; By-Laws of the Association of Condominium Owners of the "HO'OKELA KOHALA, LOT 5" Condominium Project, dated December 1, 2000 and filed as Land Court Document No. 2682619; Condominium Map No. 1393.

Exhibit "F"

# DISCLOSURE ABSTRACT

## HO'OKELA KOHALA, LOT 5 Condominium Project

*Pursuant to Section 514A-61, Hawaii Revised Statutes  
Condominium Property Act*

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### Developer

Patrick Corkin Sullivan  
P.O. Box 44606  
Kamuela, Hawaii 96743  
Phone: (808) 882-1586

### Project Manager

Project is to be self-managed

### Estimated Maintenance Fee Assessments and Disbursements

**MAINTENANCE FEE ASSESSMENTS:** The regular maintenance and repair of each condominium unit, including all utility charges except for water, is the sole responsibility of each respective unit owner. The only common expense requiring monthly assessments (i.e. maintenance fees) is said water service, as both units are presently served by a common water meter. Pursuant to Section XII(d) of the Declaration, the amount of water expenses paid by each unit will be dependent upon each unit's respective water usage. Developer notes that outdoor watering and landscaping can add considerably to an individual unit's water expense. Accordingly, the amount of outdoor water usage will greatly influence the cost of water service. Developer's best estimate as to the cost of said water service -- based upon "normal" usage -- could range from approximately \$600.00 to \$1,200.00 per year per unit (\$50.00 to \$100.00 per month per unit), or even higher. In addition to the water expenses, the unit owners are obligated to pay their share of the Ho'okela Homeowners Association dues, paid annually. The breakdown of the above-described assessments on a per unit basis, using an "average" of \$900 per year per unit for the estimated water expenses, is as follows:

	<u>Monthly</u>	<u>Annual</u>
Unit 1	\$ 83.33	\$ 1,000.00
Unit 2	\$ 83.33	\$ 1,000.00

MAINTENANCE FEE DISBURSEMENTS: Developer's estimate of the Project's Maintenance Fee Disbursements is as follows:

	<u>Monthly</u>	<u>Annual</u>
Ho'okela Kohala Homeowners Association Dues	\$ 16.66	\$ 200.00
Water	\$ 150.00	\$ 1,800.00
<b>TOTAL</b>	<b>\$ 166.66</b>	<b>\$ 2,000.00</b>

The figures contained herein are based on generally accepted accounting principals. Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

*Note:* If, in the future, separate water meters are secured for each condominium unit, there will cease to be any common water expenses.

**INDIVIDUAL INSURANCE:** Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the improvements portion of the Project. Developer anticipates that the Association will elect to obtain separate policies for each individual condominium unit pursuant to Section XIV(c) of the Declaration. As such, the premiums on said policies will be the individual responsibility of each unit owner rather than common expenses of the Project. Purchasers should be aware that premiums for said fire insurance vary widely depending upon the extent of the improvements on the property, the coverage desired, and the insurance company used. Developer's best estimate regarding the cost of said coverage is approximately \$500 to \$3,000 per year per unit. Said estimates were prepared in accordance with generally accepted accounting principals.

**Use of Condominium Units**

Both units comprising the Project may be occupied and/or used only for those purposes permitted by applicable land use laws and zoning ordinances. There is no commercial development in the Project.

**Warranties**

UNIT 1: The construction of Unit 2, a greenhouse structure, is expected to be completed in December, 2000. No warranties for fitness of use or merchantability or any other kind are made as to Unit 2 or the common elements of the Project. Purchasers are advised to conduct their own inspection of Unit 2. Said unit is being sold "as is".

UNIT 2: The construction of Unit 1, a dwelling structure, is expected to be completed on or around May 1, 2001. It is being offered for sale with the standard one-year building warranty. The appliances included with said unit, if any, are covered by the appliance manufacturers' warranties, as applicable.

**Code Violations**

To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or other municipal regulations of the County of Hawaii.

Dated: December 1, 2000

  
\_\_\_\_\_  
PATRICK CORKIN SULLIVAN

Developer

## ADDITIONAL FARM DWELLING DISCLOSURE

The Land Use Commission of the State of Hawaii has determined that any buildings located on lands designated as "Agricultural" by the State Land Use Commission must be related to some kind of agricultural activity or use. Under Chapter 205 of the Hawaii Revised Statutes, any residential dwelling located on lands designated by the State as "Agricultural" is defined as a "Farm Dwelling", and must be related to some kind of agricultural activity or use. The County of Hawaii, as the governmental entity responsible for the enforcement of State land use laws, has only broadly defined the requirements for this "agricultural activity or use". However, County of Hawaii law does distinguish between the initial "Farm Dwelling" located on a property and any "Additional Farm Dwelling" that might be permitted upon the satisfaction of certain conditions. Specifically, Section 25-5-77(b) and (c) of the Hawaii County (Zoning) Code states as follows:

- (b) One single-family dwelling or one farm dwelling shall be permitted on any building site in the A [Agricultural] district. A farm dwelling is a single-family dwelling that is located on or used in connection with a farm or if the agricultural activity provides income to the family occupying the dwelling.*
  
- (c) Additional farm dwellings may be permitted in the A [Agricultural] district only upon the following conditions:*
  - (1) A farm dwelling agreement for each additional farm dwelling, on a form prepared by the [Planning] Director, shall be executed between the owner of the building site, any lessee having a lease on the building site with a term exceeding one year from the date of the farm dwelling agreement, and the County. The agreement shall require the dwelling to be used for farm-related purposes.*
  
  - (2) The applicant shall submit an agricultural development and use program, farm plan or other evidence of the applicant's continual agricultural productivity or farming operation within the County to the [Planning] Director. Such plan shall also show how the farm dwelling will be utilized for farm-related purposes.*

Any prospective purchaser of a condominium unit is advised to familiarize themselves with the above land use laws and ordinances in determining whether or not to purchase a unit within the Project.