

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KERRY BLAKE YOUNG and WINIFRED KAHOAUNOOKALANIKALOHI SOARES
Address 45-1039/45-1039A Waialele Road, Kaneohe, Hawaii 96744

Project Name(*): OHANA HALE MA WEKIU O WAILELE
Address: 45-1039/45-1039A Waialele Road, Kaneohe, Hawaii 96744

Registration No. 4749
(Conversion)

Effective date: October 17, 2001
Expiration date: November 17, 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.
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

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT and not a subdivision. The land area beneath and immediately appurtenant to each apartment unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The broken lines on the Condominium Map bounding the designated number of square feet within each limited common element land area are for illustrative purposes only, and should in no way be construed to be the property lines of legally subdivided lots.

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 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: Kerry Blake Young & Winifred Kahoauookalanikalaolohi Soares Phone: (808) 247-2467
 Name* (Business)
45-1039/45-1039A Waialele Road
 Business Address
Kaneohe, Hawaii 96744

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, see page 20 Phone: _____
 Name (Business)
 Business Address

Escrow: None, see page 5a Phone: _____
 Name (Business)
 Business Address

General Contractor*: None Phone: _____
 Name (Business)
 Business Address

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

Attorney for Developer: Law Offices of Anders G. O. Nervell, ALC Phone: (808) 523-0105
 Name (Business)
700 Bishop Street, Suite 2100
 Business Address
Honolulu, Hawaii 96813

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

No Sales Contemplate. The Developer does not intend to sell either of the two units in the near future. See page 20 for additional information.

Escrow. Developer does not intend to sell either of the two units in the project. Section 514A-40, Hawaii Revised Statutes ("HRS"), requires an executed escrow agreement if purchaser's funds are to be used for construction. This is a conversion of existing dwellings so construction is complete, and there will be no purchaser's funds because there are to be no sales. Section 514A-65, HRS, requires that if purchaser's funds are received prior to receipt of a final public report that they are to be deposited in an escrow account. This is an application for an effective date for a Final Public Report and because the units will not be sold, there will be no purchaser's funds in any case. Finally, Section 514-67, HRS, requires that if apartments are conveyed prior to completion of construction in order to finance construction, the purchaser's funds are to be deposited in an escrow account. This project is not under construction and no units have been or will be sold. For these reasons, Developer is not required to enter into an escrow arrangement and has not done so. If a unit is sold at any time in the future, Developer will open a standard commercial residential escrow.

**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			Document No.	_____
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:		Document No.	2742835

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

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.	1437	_____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: NA

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			Document No.	_____
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book	_____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:		Document No.	2742836

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

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>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Board of Directors</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

1. To grant easements for utility easements (see paragraph 7.5 of the Declaration).
2. To amend the Declaration by filing an "as built" certificate (see paragraph 20.1 of the Declaration).
3. To amend the Declaration to comply with the requirements imposed by law, title insurers, lenders, etc. (see paragraph 20.2 of the Declaration).
4. To amend the By-Laws to comply with the requirements imposed by law, title insurers, lenders, etc. (see Section 10.2(a) of the By-Laws).

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 45-1039/45-1039A Waialele Road Tax Map Key (TMK): (1) 4-5-2-32
Kaneohe, Hawaii 96744

Address TMK is expected to change because _____

Land Area: 9,800 square feet acre(s) Zoning: R-10

Fee Owner: Kerry Blake Young
 Name
45-1039A Waialele Road
 Address
Kaneohe, Hawaii 96744

Winifred Kahoanookalanikaloohi Soares
45-1039 Waialele Road
 Kaneohe, Hawaii 96744

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: 2
 Exhibit "A" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" 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 checked="" type="checkbox"/> Ohana	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

- Pets: See Article X, Section 10.7 of By-Laws
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: none Stairways: 1 Trash Chutes: none

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
<u>SEE EXHIBIT "A"</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:
SEE EXHIBIT "A"

Permitted Alterations to Apartments:

Subject to restrictions in the Declaration and the By-Laws, an apartment owner may make additions to or alterations of his or her apartment or limited common elements appurtenant to such apartment. Furthermore, handicapped occupants may make reasonable modifications to their apartments, the limited common elements appurtenant thereto, and/or the common elements, at their own expense.

Apartments Designated for Owner-Occupants Only: N/A

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 N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 5

	<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>3</u>	<u>2</u>	_____	_____	_____	_____	<u>5</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>5</u>		<u>0</u>		<u>0</u>		<u>5</u>

Each apartment will have the exclusive use of at least 2 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: "A" 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 SEE EXHIBIT "B"

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):

Based on a report by Edward A. Resh, the structures, as well as the electrical and plumbing systems, are in good condition, and the expected useful life is estimated to be between 20 and 30 years. SEE EXHIBIT "C". The Developer makes no representations regarding the expected useful life of the structural components and the mechanical and electrical installations.

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted. SEE EXHIBIT "B"
 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	X	_____	_____
Structures	_____	X ¹	_____
Lot	X	_____	_____

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 _____ "D" .
 as follows:

¹ A zoning adjustment is required under Chapter 21, Section 21-2.140-1(i) of the Land Use Ordinance of the City and County of Honolulu to rebuild Dwelling Unit 45-1039A. SEE EXHIBIT "B".

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 "E".

as follows:

*Note: Land areas referenced herein are not legally subdivided lots.

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

described in Exhibit _____.

as follows: The percentage of common interest appurtenant to each apartment in the Project is 50%.

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

Exhibit "F" describes the encumbrances against the title contained in the title report dated October 2, 2001 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

[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	Developer does not intend to sell either unit in the project. Upon issuance of an effective date for a final public report, Dwelling Unit 45-1039 will be released from that certain existing mortgage in favor of Hawaii Federal Credit Union (Land Court Document No. 1875809), and only Dwelling Unit 45-1039A will be encumbered by that mortgage. With respect to that certain existing mortgage in favor of First Hawaiian Bank (Land Court Document No. 2689490), Dwelling Unit 45-1039A will be released from that mortgage, and only Dwelling 45-1039 will be encumbered by that mortgage.

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: None. Units to be conveyed "as is".

2. Appliances: None. Appliances to be conveyed "as is".

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

Dwelling Unit 45-1039A was constructed in 1984, and Dwelling Unit 45-1039 was constructed in 1987.

H. **Project Phases:**

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

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

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 _____ contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated _____
Exhibit _____ contains a summary of the pertinent provisions of the escrow agreement.
- Other Developer does not intend to sell the the apartments; however, in the event that an apartment is sold, then the standard Realtor's form of Deposit Receipt Offer and Acceptance (DROA) will be used.

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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

This Public Report is a part of Registration No. 4749 filed with the Real Estate Commission on October 5, 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**

Disclosure that no Sales are Contemplated; No Tenants in the Units. The Developer has signed a statement that Developer will not be selling either units in the project, and that there are no tenants therein.

Disclosure Regarding Selection of Real Estate Broker. Because no sales are contemplated, the Developer has not selected a real estate broker to sell the apartments in the project. In the event that Developer chooses to use a real estate broker for the sale of an apartment, 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.

The Developer may not sell any units in this project until the following documents are submitted to the Real Estate Commission:

- 1) An executed Escrow Agreement;
- 2) Form of Sales Contract; and
- 3) Updated Title Report.

- 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 section 514A-1.6 (The developer is required to make this declaration for issuance of an effective date for a 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.

KERRY BLAKE YOUNG and WINIFRED KAHOAUNOOKALANIKALAOLOHI SOARES
 Print Name of Developer

By: *Kerry B. Young* 9-24-01
 Duty Authorized Signatory* Date

KERRY BLAKE YOUNG, Developer
 Printed Name & Title of Person Signing Above

By: *Winifred Kahoaunookalani Kalaoahi Soares* 9-24-01
 Duty Authorized Signatory* Date

WINIFRED KAHOAUNOOKALANIKALAOLOHI SOARES
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu
 Planning Department, City and County of Honolulu

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

EXHIBIT "A"

Description of Apartments

There are two (2) separate condominium apartments in the Project. Each of the two (2) residential dwellings contains one (1) condominium apartment. The apartments are referred to as "Dwelling Units" on the Condominium Map, and are more particularly described below:

(1) Dwelling Unit 45-1039A is a two-story residential building without a basement, constructed in 1984. The first floor of Dwelling Unit 45-1039A contains a kitchen/dining/living room area, a study area, a family room, one (1) bedroom, one (1) bath, and a green house. The second floor of Dwelling Unit 45-1039A contains three (3) bedrooms, two (2) baths, and a library. The total net living area of Dwelling Unit 45-1039A is approximately 2,700 square feet, with 1,420 square feet on the first floor, and 1,280 square feet on the second floor. Dwelling Unit 45-1039A also has two (2) appurtenant limited common element open parking stalls.

(2) Dwelling Unit 45-1039 is a two-story residential building without a basement, constructed in 1987. The first floor of Dwelling Unit 45-1039 contains a kitchen/dining area, a living room, a sewing room, and one (1) bath. The first floor also has a 472 square foot lanai. In addition, the first floor contains a 420 square feet carport with three (3) parking stalls. The second floor of Dwelling Unit 45-1039 contains four (4) bedrooms, two (2) baths, and a study. The total net living area of Dwelling Unit 45-1039 is approximately 2,240 square feet, with 1,120 square feet on the first floor, and 1,120 square feet on the second floor.

Boundaries of Each Apartment. Each Unit consists of (a) all footings, floors, foundations, perimeter walls and roofs of the Building and all other improvements from time to time located upon the Dwelling Area appurtenant to the Units; (b) all of the space, fixtures, walls and other improvements located within such footings, floors, foundations, perimeter walls and roofs; (c) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls and roofs; (d) all decks, lanais, porches, steps, stairs or other improvements physically attached to any Building and for the exclusive use of the Owners and occupants of any Building; and (e) all portions of any carport or garage physically attached to, or contained in, any Building or located on the Dwelling Area appurtenant to the Unit and for the exclusive use of the owner and occupants of the Unit. A Unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a Unit (or the Dwelling Area appurtenant to such Unit) which are utilized by or serve any other Unit.

END OF EXHIBIT "A"

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4414 • FAX: (808) 527-6743 • INTERNET: www.co.honolulu.hi.us

JEREMY HARRIS
MAYOR



RANDALL K. FUJIKI, AIA
DIRECTOR

LORETTA K.C. CHEE
DEPUTY DIRECTOR

2001/CLOG-1281(LT)

May 16, 2001

Mr. Anders G. O. Nervell
Law Offices of Anders G. O. Nervell
A Law Corporation
Amfac Tower, Suite 2100
700 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Nervell:

Subject: Condominium Conversion Project
45-1039 Waialele Road
Tax MapKey: 4-5-2: 032

This is in response to your letter dated March 21, 2001 requesting verification that the structures at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the two-story single-family detached dwelling located at 1039 Waialele Road and the two-story ohana dwelling located at 1039A Waialele Road with four all-weather surface off-street parking spaces met all applicable code requirements when they were constructed in 1984 and 1987, respectively, on this 9,800 square-foot R-10 Residential District zoned lot.

There were no use restrictions when the ohana permit was issued; however, a zoning adjustment is required under Chapter 21, Section 21-2.140-1(I) of the Land Use Ordinances to rebuild the ohana dwelling.

No variances or special permits were granted to allow deviations from any applicable codes.

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

EXHIBIT " B "

Mr. Anders G. O. Nervell
Page 2
May 16, 2001

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create a separate lot of record.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of this office at 527-6341.

Sincerely yours,



RANDALL K. FUJIKI, AIA
Director of Planning and Permitting

RKF:ft
g:\csol\wailele.cnv

9/6/01

Mr. Kerry B. Young
45-1039A Waialele Road
Kaneohe, Hawaii 96744

Mr. Fred A. Talon
Mrs. Catharyn M. Talon
Mrs. Winifred K. Soares
45-1039 Waialele Road
Kaneohe, Hawaii 96744

Re: Condominium Conversion Project
Owners: Kerry Blake Young and Winifred
Kahoanookalanikalaolohi Soares
Address: 45-1039A & 45-1039 Waialele Road, Kaneohe, Hawaii
TMK No.: (1) 4-5-002-032

Ladies and Gentlemen:

Pursuant to your instructions, a visual inspection was made of the single family dwellings located at 45-1039A and 45-1039 Waialele Road, Kaneohe, Hawaii 96744. The purpose of the inspection was to examine and comment on the present state of the buildings. The following describes my assessment of the present condition of the buildings:

Dwelling Unit 45-1039A

1. The structures appear in good condition. The units are habitable and appear to be free from major structural defects.
2. The electrical and plumbing systems appear to be functioning properly and seem to be in good condition.
3. The expected useful life is estimated to be between 20 and 30 years.

Dwelling Unit 45-1039

1. The structures appear in good condition. The units are habitable and appear to be free from major structural defects.

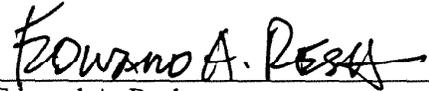
Mr. Kerry B. Young
Mr. Fred A. Talon
Mrs. Catharyn M. Talon
Mrs. Winifred K. Soares
Page 2

2. The electrical and plumbing systems appear to be functioning properly and seem to be in good condition.

3. The expected useful life is estimated to be between 20 and 30 years.

CONCLUSION: The buildings at present are in good condition with no major structural defects.

Very truly yours,



Edward A. Resh,
Licensed Professional Architect
No. 3239

EXHIBIT "D"

Description of Common Elements

The common elements include the following located within the Project:

- (1) The Land in fee simple described in Exhibit "A" attached to the Declaration;
- (2) All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than one Unit;
- (3) All pipes, cables, wires, ducts, conduits, electrical equipment, or other utility or service lines running through a Unit which are utilized by or serve more than one Unit;
- (4) Any and all other 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.

END OF EXHIBIT "D"

EXHIBIT "E"

Description of Limited Common Elements

The limited common elements include the following located within the Project:

(1) The limited common elements so set aside and reserved for the exclusive use of Dwelling Unit 45-1039A are as follows:

(a) The site on which Dwelling Unit 45-1039A is located, consisting of the land beneath and immediately adjacent to Dwelling Unit 45-1039A (including any yard areas, landscaping, driveways, walkways, and access areas), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Dwelling Unit 45-1039A. Said site is referred to in this Declaration as the Dwelling Area, and the Dwelling Area for Dwelling Unit 45-1039A contains an area of 5,740 square feet; and

(b) The two (2) uncovered parking stalls located on the Dwelling Area for Dwelling Unit 45-1039A as shown and delineated on the Condominium Map.

(2) The limited common elements so set aside and reserved for the exclusive use of Dwelling Unit 45-1039 are as follows:

(a) The site on which Dwelling Unit 45-1039 is located, consisting of the land beneath and immediately adjacent to Dwelling Unit 45-1039 (including any yard areas, landscaping, driveways, walkways, and access areas), as shown and delineated on the Condominium Map (including the airspace above such site), is for the exclusive benefit of Dwelling Unit 45-1039. Said site is referred to in this Declaration as the Dwelling Area, and the Dwelling Area for Dwelling Unit 45-1039 contains an area of 4,060 square feet.

(3) Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

END OF EXHIBIT "E"

EXHIBIT "F"

List of Encumbrances Against Title

Encumbrances against the title as contained in the Status Report dated October 2, 2001, and issued by Title Guaranty of Hawaii, Inc. are as follows:

1. For Real Property Taxes that may be due and owing reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Mortgage dated December 19, 1991 in favor of Hawaii Federal Credit Union, a national credit union, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1875809.
3. Mortgage dated March 8, 2001 in favor of First Hawaiian Bank, a Hawaii corporation, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2689490.
4. Declaration of Condominium Property Regime dated September 24, 2001, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2742835.
5. By-Laws of the Association of Apartment Owners dated September 24, 2001, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2742836.

END OF EXHIBIT "F"

EXHIBIT "G"
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
Dwelling Unit 45-1039A	None
Dwelling Unit 45-1039	None

No common expenses contemplated.

No reserve study done in accordance with Section 514A-83.6, Hawaii Revised Statutes.

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
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Each unit owner will purchase his own insurance and name

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

I, KERRY BLAKE YOUNG, as agent for/and/or employed by _____ the condominium managing agent/developer for the OHANA HALE MA WEKIU O WAILELE 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

9-24-01
Date

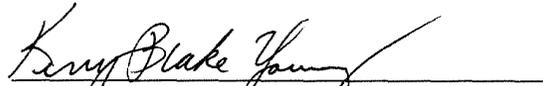
(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve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

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

OHANA HALE MA WEKIU O WAILELE

**STATEMENT BY DEVELOPER EXPLAINING METHOD OF
FORMULA USED IN COMPUTING THE PERCENTAGE OF
COMMON INTEREST APPURTENANT TO EACH APARTMENT**

The percentage of common interest appurtenant to each apartment in the **OHANA HALE MA WEKIU O WAILELE** condominium project was determined by dividing the total percentage of common interest (100%) with the total number of apartments in the project. Since there are 2 apartments in the project, each apartment has an appurtenant 50% of common interest (100% / 2).


KERRY BLAKE YOUNG


WINFRED
KAHOAUNOOKALANIKALALOHI
SOARES

OHANA HALE MA WEKIU O WAILELE

STATEMENT BY DEVELOPER REGARDING NO TENANTS

Neither of the two units in the project have ever been rented, and thus there are no existing tenants. Accordingly, the requirements set forth in Section 521-38, Hawaii Revised Statutes, are not applicable. Furthermore, the Developer does not intend to sell either of the two units in the near future.


KERRY BLAKE YOUNG


WINFRED
KAHOAUNOOKALANIKALAOLOHI
SOARES