

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: WINIFRED CHANG, as Trustee
Developer MELANIE GAY HANOHANO, AS Successor Trustee
Address

Project Name (*): Kaipii Street Condominium
Address: 739 Kaipii Street, Kailua, Hawaii 96734

Registration No. 4832 (Conversion)
Effective date: December 30, 2002
Expiration date: January 30, 2004

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.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required and attached to this report [x] 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.

[x] 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 "Limited Common Element Land Area" beneath and immediately appurtenant to each apartment is designated a LIMITED COMMON ELEMENT AND IS not a legally subdivided lot. The dotted or dashed lines on the Condominium Map bounding the designated number of square feet in each Limited Common Element Land Area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

The Developer makes no warranties with respect to any building, fixtures or site conditions of any apartment or the common elements. No warranties are given as to the appliances.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have 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: See page 5a Phone: c/o (808) 531-3526
Name* N/A (Business)
Business Address
See page 5a

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*: Not selected at the present time Phone: _____
Name See page 20 (Business)
Business Address

Escrow: Old Republic Title & Escrow of Hawaii Phone: (808) 266-0150
Name 55 Merchant Street (Business)
Business Address
Honolulu, Hawaii 96813

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

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

Attorney for Developer: Reuben S.F. Wong Phone: (808) 531-3526
Name 220 South King Street (Business)
Central Pacific Plaza, Suite 2288
Business Address
Honolulu, Hawaii 96813

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

ATTACHMENT relates to Condominium Public Report

of: Kaipii Street Condominium
739 Kaipii Street
Kailua, Hawaii 96734

Part 1. Persons Connected with the Project

Name of Developer

WINIFRED CHANG SILVA, as Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended, and MELANIE GAY HANOHANO, as Successor Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended.

Business Address

c/o Law Offices of Reuben S. F. Wong
Suite 2288, Central Pacific Plaza
220 South King Street
Honolulu, Hawaii 96813

**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 checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>970166769</u>	
			Book _____	Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>2422955</u>	

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

Amendment to Declaration dated April 25, 2002, recorded in the Bureau of Conveyances as Document No. 2002-182632 and as Land Court Document No. 2850039.

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 checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances	Condo Map No. <u>2626</u>	
<input checked="" type="checkbox"/>	Filed -	Land Court	Condo Map No. <u>1221</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 checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>97-166770</u>	
			Book _____	Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>2422956</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>not applicable</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: 739 Kaipii Street Tax Map Key (TMK): (1) 4-3-67:113
Kailua, Hawaii 96734

Address TMK is expected to change because N/A

Land Area: 17,144 square feet acre(s) Zoning: R-5

Fee Owner: See page 10a
 Name _____
 Address _____

Lessor: N/A
 Name _____
 Address _____

C. Buildings and Other Improvements:

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Number of Buildings: 3 Floors Per Building: 2
 1: Shed
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Metal for Apt. #A

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</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 type="checkbox"/> Ohana	_____	<input 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

ATTACHMENT relates to Condominium Public Report

of: Kaipii Street Condominium
739 Kaipii Street
Kailua, Hawaii 96734

Part B. Fee Owner

Name of Fee Owner

WINIFRED CHANG SILVA, as Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended, and MELANIE GAY HANOHANO, as Successor Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended.

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: Dogs, cats, and other household pets permitted in reasonable number.

Number of Occupants: _____

Other: No time sharing, including "vacation license," "travel club membership" or "time interval ownership."

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: A&B:1 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
<u>A</u>	<u>1</u>	<u>5/4½</u>	<u>2,661</u>	<u>184/40/664</u>	<u>lanai & covered entry/workshop & garage</u>
<u>B</u>	<u>1</u>	<u>5/2½</u>	<u>1,671</u>	<u>76/440</u>	<u>landing/stairs/garage</u>
_____	_____	_____	_____	<u>191</u>	<u>storage shed</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment 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" attached hereto.

Permitted Alterations to Apartments: See Exhibit "B" attached hereto.

Apartments Designated for Owner-Occupants Only:
 Fifty percent (50%) of residential apartments must be so designated: developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102 HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u> <u>Covered</u> <u>Open</u>	<u>Compact</u> <u>Covered</u> <u>Open</u>	<u>Tandem</u> <u>Covered</u> <u>Open</u>	TOTAL
Assigned (for each unit)	<u>2</u>			<u>4</u>
Guest				
Unassigned				
Extra for Purchase				
Other: _____				
Total Covered & Open:	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</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 _____ 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):

See Developer's Statement attached as Exhibit H.

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	X	_____	_____
Structures	X	_____	_____
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 C.

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit 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 _____.

as follows:

<u>Apt. No.</u>	<u>Percentage of Common Interest</u>
A	50%
B	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 D describes the encumbrances against the title contained in the title report dated March 11, 2002 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	Before the sale of an apartment, the mortgage lien will be released or assumed based upon a mutual agreement between the Developer and the prospective buyer.

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 given by the Developer.

2. Appliances: None given by the Developer

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

No new construction is contemplated at this time. Apartment A was completed in 1998. Apartment B was completed in 1991. Storage Shed was completed in 1997.

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):

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. The Developer will use the form of Deposit, Receipt, Offer & Acceptance as prepared by the Hawaii Association of Realtors
- [X] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated April 12, 1999
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
- [] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

This Public Report is a part of Registration No. 4832 filed with the Real Estate Commission on April 2, 2002.

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**

Storage Shed. An Apartment owner may construct or remove a storage shed within his Limited Common Element Land Area; provided the construction, removal, and use thereof shall fully comply with all laws and ordinances applicable thereto, and provided further the apartment owner at his own costs and expense shall be responsible for the proper use, repair and maintenance of such storage shed and shall at all times keep the same in good condition and repair and make good all defects thereof when notice shall be given by the Board of Directors or Managing Agent, if any. The existing storage shed located on Limited Common Element Land Area B shall be appurtenant to Apartment B.

Disclosure regarding selection of Real Estate Broker

The Developer(s) have not selected a real estate broker for the sale of condominium apartments in the project at this time.

In the event the Developer(s) chooses to use a real estate broker for the sale of a condominium apartment, prior to entering into a binding contract for such sale the Developer(s) 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.

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

WINIFRED CHANG SILVA, as Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended, and MELANIE GAY HANO HANO, as Successor Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended.

 Printed Name of Developer

By: Winifred Chang Silva 12/4/02
 Duly Authorized Signatory* Date

By: Melanie Gay Hanohano 12/4/02
 Duly Authorized Signatory* Date

Winifred Chang Silva and Melanie Gay Hanohano
 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

Apartment A will have two floors, consisting of a ground floor containing an entry and foyer, a bedroom or guest room, a study, two bathrooms, a television room, an entertainment room with wetbar and a walk-in closet, all connected by an interior stairway to the second floor containing four bedrooms, two bathrooms, a powder room, a living/dining room and a kitchen, with a lanai and exterior stairway to the lanai from the ground level. The foregoing living areas of said apartment contain approximately 2,661 square feet of net living area and the lanai and exterior stairway contain approximately 184 square feet. On the ground level are a workshop with a storage room and two-car garage which contain approximately 664 square feet.

(b) Apartment B will have two floors, consisting of a ground floor containing two bedrooms, one bathroom and a family room, all connected by an interior stairway to the second floor containing three bedrooms, one bathroom, a powder room, a kitchen, a dining room and a living room, all containing approximately 1,671 square feet of net living area. On the ground level are a two-car garage with a storage area and a laundry area, containing approximately 400 square feet, and an exterior stairway and landing containing approximately 76 square feet.

(c) Each apartment shall consist of the building of which it is a part and all other improvements, including without

limitations, all foundations, walls, floors, columns, supporting beams, ceilings, roofs and other structures supporting an apartment and located within the Limited Common Element Land Area appurtenant to such apartment and designated on the Condominium Map, including but limited to all driveways, uncovered parking stalls, walkways, mail boxes, fence, meters, ducts, pipes, wires, cables, conduits, utility apparatus and equipment, poles and other improvements which serve only such apartment. An apartment shall not be deemed to include, however, any pipes, wires, fence, cables, conduits or other utility apparatus and equipment which are used for or serve more than one apartment, such items being deemed common elements as provided below.

Exhibit "B"

Permitted Alterations To Apartments

An apartment owner may modify or alter his apartment at any time by submitting all plans and specifications for such alteration, prepared by a licensed architect or engineer if the Board so requires, together with a statement of the estimated cost of construction and estimated completion date to the Board of Directors for approval. For purposes hereof, the only alterations of any apartment requiring the prior approval of the Board of Directors are those which affect the external appearance, size or elevation of such apartment. The Board of Directors shall approve or reject the plans for alteration within fourteen (14) calendar days after submission of said plans and statement. Plans shall be rejected only upon the unanimous vote of all Directors. The Board shall not unreasonably or capriciously disapprove any such proposed alteration. Any disapproval shall be given in writing to the proposing apartment owner within said fourteen (14) day period and shall state the basis for such disapproval. If the Board fails to take any action within such time period, approval of the plans shall be deemed to have been automatically granted.

An alteration of an apartment building may decrease or increase the size or change the elevation of such apartment, or alter its configuration, provided that the same shall not extend or place the apartment outside of the "buildable limits" of its surrounding Limited Common Element Land Area, which Limited Common Element Land Area is shown on the Condominium Map. The "buildable

limits" are the area within a Limited Common Element Land Area. The boundaries and designation of the Limited Common Element Land Areas shall not be altered except by general amendment to this Declaration and the Condominium Map in accordance with the Act. Nothing herein shall affect the right of an apartment owner to design or decorate the interior of his apartment in his sole discretion.

Before the commencement of any construction, all plans shall be approved by the appropriate state and municipal agencies and the apartment owner's mortgagee(s) to the extent necessary. The apartment owner shall also obtain and deposit with the Association a bond or certificate thereof naming the Association as additional obligee, in a penal sum of not less than one hundred percent (100%) of the cost of such construction as the same may change from time to time and with a corporate surety authorized to do business in Hawaii guaranteeing performance of such construction, free and clear of all mechanics' and materialmen's liens.

Exhibit "C"

Common Elements

Common Elements.

(a) The common elements include all of the portions and appurtenances of the Project not otherwise designated as an apartment, including specifically, but not limited to:

(1) said Land in fee simple;

(2) all ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewage, refuse, telephone and radio and television signal distribution;

(3) all gates and entry ways that serve more than one apartment; and

(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 or safety or normally in common use.

(b) Limited Common Elements. Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of an apartment and such apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are each of the Limited Common Element Land Areas beneath and surrounding the

apartments, as designated on the Condominium Map, which shall be appurtenant to and for the exclusive use of such apartments. For example, Limited Common Element Land Area A is appurtenant to and for the exclusive use of Apartment Number A.

Note: The land area beneath and adjacent to each apartment (Limited Common Element Land Area) is not a legally subdivided lot.

EXHIBIT "D"
Encumbrances Against Title

1. Any and all Real Property Taxes that may be due and owing.

Tax Key: (1)-4-3-067-113

2. -AS TO FIRST AND SECOND:-

(A) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(B) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in AFFIDAVIT dated October 10, 1997, recorded as Document No. 97-153462, by ALEXANDER M. SILVA, JR., and SHARON K. SILVA, in consideration of the issuance by the Building Department, City and County of Honolulu, of a building permit.

3. -AS TO THIRD:-

MORTGAGE

MORTGAGOR : WINIFRED GAY SILVA, widow

MORTGAGEE : NORTH AMERICAN MORTGAGE COMPANY, a Delaware corporation

DATED : November 24, 1993
FILED : Land Court Document No. 2092417
AMOUNT : \$240,500.00

ABOVE MORTGAGE ASSIGNED

TO : GE CAPITAL MORTGAGE SERVICES INCORPORATED, a New Jersey corporation

DATED : May 24, 1994
FILED : Land Court Document No. 2223904

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME OF KAPII STREET CONDOMINIUM

DATED : August 26, 1997
FILED : Land Court Document No. 2422955
RECORDED : Document No. 97-166769

Said above Declaration has been amended by instrument dated April 25, 2002, filed as Land Court Document No. 2850039 and recorded as Document No. 2002-182632.

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

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KAPII STREET CONDOMINIUM

DATED : August 26, 1997
FILED : Land Court Document No. 2422956
RECORDED : Document No. 97-166770

6. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.
7. For real property taxes that may be due and owing, reference is made to the Department of Finance. Real Property Tax Assessment Division for further information.

EXHIBIT E

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>
1. Apt. A	\$135.00 x 12 = \$1,620.00
2. Apt. B	\$135.00 x 12 = <u>\$1,620.00</u>
Total	<u>\$3,240.00</u>

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 x 12 months = Yearly Total

Utilities and Services N/A

- 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 N/A
Grounds

\$20.00 x 12 = \$ 240.00

Management

Management Fee N/A
Payroll and Payroll Taxes N/A
Office Expenses N/A

Insurance \$200.00 x 12 = \$2,400.00

Reserves(*) \$25.00 x 12 = \$ 300.00

Taxes and Government Assessments N/A

Audit Fees N/A

Other Miscellaneous \$25.00 x 12 = \$ 300.00

TOTAL \$3,240.00

I, Winifred Chang Silva as agent ~~for and on behalf of~~ of the Developer ~~and~~, ~~as the managing agent for~~ for the Kaipii Street 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.

Winifred Chang Silva
Signature

1/15/02
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.

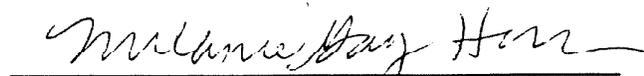
Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

Attachment to Exhibit E

The indicated "Reserves" figures were estimated without conducting a reserve study as described in § 514A-836 HRS and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

DATED: Honolulu, Hawaii, SEP 20 2002


WINIFRED CHANG SILVA, as Trustee
of Trust Agreement of Winifred
Chang Silva and Alexander Manuel
Silva dated January 11, 1991


MELANIE GAY HANOHANO, as Successor
Trustee of Trust Agreement of
Winifred Chang Silva and Alexander
Manuel Silva dated January 11,
1991

Developer

Exhibit "F"

SUMMARY OF SALES CONTRACT

1. With respect to the sale of a condominium apartment the Developer will use the Hawaii Association of Realtors standard form, "Deposit, Receipt, Offer And Acceptance" (DROA) as the sales contract for the Project.

2. Until Purchaser has received a copy of the Real Estate Commission's Final Public report and has waived or is deemed to have waived his or her rights of cancellation, the Sales Contract shall constitute a mere reservation and may be cancelled at any time by either Developer or Purchaser.

3. Purchaser has the right to rescind the Sales Contract if there are any material changes in the Project (other than any additions, deletions, modifications and reservations permitted by the Declaration) which directly, substantially and adversely affects the use or value of the apartment or limited common elements appurtenant to the apartment or those amenities of the project available for such Purchaser's use. Under certain circumstances, as set forth in Chapter 514A, Hawaii Revised Statutes, the right of rescission may be waived by Purchaser.

4. Pursuant to the Sales Contract, if the Developer and Purchaser enter into a binding Sales Contract and the Purchaser subsequently defaults (i.e., fails to perform Purchaser's

obligations under the Sales Contract) Developer may sue the Purchaser for breach of contract or retain the initial deposit and all additional deposits as liquidated damages, and Purchaser must pay for any costs incurred by Developer by reason of Purchaser's default.

5. The Sales Contract is subject to the provisions of the Declaration of Condominium Property Regime, By-Laws and other condominium documents for the Project.

THIS IS ONLY A SUMMARY OF SELECTED PORTIONS OF THE SALES CONTRACT. IT IS INCUMBENT ON ALL PROSPECTIVE PURCHASERS TO CAREFULLY READ THE ENTIRE SALES CONTRACT AND TO REVIEW ALL PROVISIONS PRIOR TO SIGNING A SALES CONTRACT.

Exhibit "G"

SUMMARY OF ESCROW AGREEMENT

1. All funds paid to Escrow (Old Republic Title & Escrow of Hawaii) shall be deposited into interest-bearing accounts. All interest earned on such deposits belongs to Purchaser.

2. A Purchaser shall be entitled to a refund of all monies deposited with Escrow, less Escrow's cancellation fee, and Escrow shall pay such funds to Purchaser, without interest, if any one of the following shall have occurred: (a) Developer and Purchaser have instructed Escrow in writing to return to the Purchaser the funds of such Purchaser then held by Escrow; or (b) Developer has notified Escrow in writing of Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission available to Developer; or (c) the Purchaser has exercised such Purchaser's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes.

3. If refunds are not claimed by the Purchaser within sixty (60) days, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow, in the name of Developer.

4. Developer shall give notice in writing to Escrow of the occurrence of each event that initiates an obligation of Purchaser to make a payment to Escrow pursuant to the Sales Contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the Purchaser notice of the amount and due date of such payment. If Purchaser fails to make such payment to

Escrow on or before the due date thereof or if the Purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the Purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the Sales Contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the Purchaser, Escrow shall thereafter treat all funds of the Purchaser paid on account of such Purchaser's Sales Contract as funds of Developer and not as funds of the Purchaser. Thereafter, such funds shall be free of the Escrow established by this Agreement and shall be held by Escrow for the account of Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer any partially executed conveyance documents that had been theretofore delivered to Escrow by Developer and shall hold all other documents theretofore delivered to Escrow in connection with the purchase of the apartment for the statutory period; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such Purchaser.

5. If any dispute or difference arises between Developer and Purchaser, or if any conflicting demand shall be made upon Escrow, Escrow shall not be required to take any action thereon; but may await settlement of the controversy by final appropriate legal proceedings or file a suit in interpleader in any court having jurisdiction in the matter and may deposit with the Court any and all monies held.

6. Under the Escrow Agreement no disbursement of funds can be made to Developer until the Sales Contract becomes binding and effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

THIS IS ONLY A SUMMARY OF SELECTED PORTIONS OF THE ESCROW AGREEMENT. PURCHASERS ARE URGED TO CAREFULLY REVIEW ALL PROVISIONS OF THE ESCROW AGREEMENT PRIOR TO SIGNING A SALES CONTRACT.

EXHIBIT "H"

DEVELOPER'S STATEMENT OF CONDITION OF APARTMENT B

KNOW ALL MEN BY THESE PRESENTS:

Pursuant to the requirements set forth in Chapter 514-A-40(b) and in connection with the condominium conversion of Apartment B, a residential structure that has been in existence for five years or more, situate at 739 Kaipii Street, Kailua, Hawaii 96734, and bearing TMK No. 4-3-67-113, the undersigned Developer adopts as his own the representations and statements made in the "Statement of Licensed Professional Architect As to Condition of Kaipii Street Condominium Apartment B" prepared by James Matichuk, AIA, Licensed Professional Architect, Hawaii License Number 6533, attached hereto as Exhibit "A".

x. Winifred Chang Silva
WINIFRED CHANG SILVA, as Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended

Melanie Gay Hanohano
MELANIE GAY HANOANO, as Successor Trustee of Trust Agreement of Alexander Manuel Silva and Winifred Chang Silva dated January 11, 1991, as amended

"Developer"

Subscribed and sworn to before me
this 15th day of January,
2002. *Darlene K. Nakamura*
Notary Public, State of Hawaii

L.S

DARLENE K. NAKAMURA

Print or Type Name of Notary

My Commission Expires: JULY 4, 2003

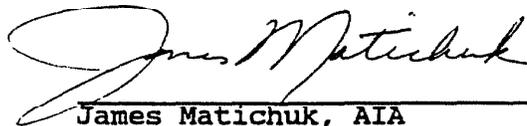
Statement of Licensed Professional Architect
As to Condition of
Kaipii Street Condominium
Apartment B
739 Kaipii Street
Kailua, Hawaii 96734
TMK 4-3-67-113

The undersigned hereby declares that he has made a visual observation of the building at 739 Kaipii Street, Kailua, Hawaii 96734, a proposed conversion into a condominium project.

Based on visual observations, the present condition of the building is fair to good. Structural members appear to be in fair to good condition. Electrical and mechanical systems appear to be in fair operating condition. No representation of the expected useful remaining life of the above items is made. No inspection was made for termite infestation or damage. No inspection was made for health or other hazards. No inspection was made on concealed items or appliances.

Date: _____

1/9/2002



James Matichuk, AIA
Licensed Professional Architect
Hawaii License Number 6533
Hawaii Architects, Inc.

EXHIBIT "A"