

**CONDOMINIUM PUBLIC REPORT**

Prepared &  
Issued by:

Developer RICHARD EDGAR OLAF OLSON, Trustee and LESLIE EILEEN OLSON, Trustee  
Address 2299-C Kaupakalua Road, Haiku, Hawaii 96708

Project Name (\*): 8663 KAUMUALII HIGHWAY CONDOMINIUM  
Address: 8663 Kaumualii Highway, Kekaha, Hawaii 96752  
Registration No. 4848 Effective date: June 25, 2002  
Expiration date: July 25, 2003

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 an other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

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

(\*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800

**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, not a subdivision. It does not involve the sale of individual subdivided lots. The land beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element's land area are for illustrative purposes only and should not 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, or subdivision requirements have 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 completed 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: RICHARD EDGAR OLAF OLSON, Trustee and Phone: (808) 337-9113  
LESLIE EILEEN OLSON, Trustee (Home)  
Name\*  
P. O. Box 389  
Business Address  
Kekaha, Hawaii 96752

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):

\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: Owner-Richard Edgar Olaf Olson Phone: (808) 337-9113  
Name (Business)  
P. O. Box 389  
Business Address  
Kekaha, Hawaii 96752

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 245-3381  
Name (Business)  
4414 Kukui Grove Street, Suite 204  
Business Address  
Lihue, Hawaii 96766

General Contractor\*: Self-Builder: Richard Edgar Olaf Olson Phone: (808) 337-9113  
Name (Business)  
P. O. Box 389  
Business Address  
Kekaha, Hawaii 96752

Condominium Managing Agent\*: Self-Managed By The Phone: \_\_\_\_\_  
Association of Apartment Owners (Business)  
Name  
Business Address  
\_\_\_\_\_

Attorney for Developer: Ladye H. Martin Phone: (808) 332-5239  
Name (Business)  
P. O. Box 530  
Business Address  
Kalaheo, Hawaii 96741

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

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

A condominium is created by recording 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>2002-003062</u>	
			Book _____	Page _____
<input type="checkbox"/>	Filed -	Land Court:	Document No. _____	

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

First Amendment to Declaration of Condominium Property Regime for 8663 Kaunualii Highway Condominium, dated March 18, 2002, recorded at the Bureau of Conveyances, State of Hawaii, on April 25, 2002, as document number 2002-071650

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>3388</u>		
<input type="checkbox"/>	Filed -	Land Court Condo Map No. _____		

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

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2002-003063</u>	
			Book _____	Page _____
<input type="checkbox"/>	Filed -	Land Court:	Document No. _____	

The Bylaws referred to above have been amended by the following instruments [state number 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>-</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:

The Developer may amend the Declaration (and, when applicable, any exhibits to the Declaration and the Condominium Map) (a) as may be provided in the Declaration and (b) to file the "as built" statement required by Section 514A-12 of the Act (i) so long as such verified statement is a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment, fully and accurately depict the layout, location, apartment numbers and the dimensions of the apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location or dimensions of the apartments, as built, or any change in any apartment number.

**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**

This 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 difference 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: 8663 Kaumualii Highway Tax Map Key (TMK): (4) 1-3-010-004  
Kekaha, Hawaii 96752

Address  TMK is expected to change because each unit may obtain a street address from the Department of Public Works, County of Kauai.

Land Area: 10,742  square feet  acre(s) Zoning: R-4

Fee Owner: RICHARD EDGAR OLAF OLSON, Trustee under that certain Trust Agreement known as the "Richard Edgar Olaf Olson Revocable Living Trust" dated December 18, 1991, with powers to sell, mortgage, lease, etc., as to an undivided 50% interest, and LESLIE EILEEN OLSON, Trustee under that certain Trust Agreement known as the "Leslie Eileen Olson Revocable Living Trust" dated December 18, 1991, with powers to sell, mortgage, lease, etc., as to an undivided 50% interest, as Tenants in Common, as Fee Owner

Name  
2299-C Kaupakalua Road  
 Address  
Haiku, Hawaii 96708

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

C. **Building 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 \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:  
 Concrete  Hollow Tile  Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	No. of Apts.	<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

5. Special Use Restrictions:

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

Pets: No more than one (1) dog and one (1) cat. See page 20, herein, Section C entitled "Additional Information Not Covered Above".

Number of Occupants: Each unit is limited to six (6) persons (adult or children).

Other: See page 20, herein, Section C entitled "Additional Information Not Covered Above".

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 inside, 1 outside each unit Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (st)*</u>	<u>Net Other Area (st)</u>	<u>(Identify)</u>
<u>1</u>	<u>1</u>	<u>2/2</u>	<u>957</u>	<u>910</u>	<u>Deck</u>
<u>2</u>	<u>1</u>	<u>2/1 1/2</u>	<u>730</u>	<u>510</u>	<u>Deck</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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:

Per Article VI of the Declaration of Condominium Property Regime, the boundary for each apartment shall be all perimeter walls, floors, foundations and roof of such building, all outbuildings, structures and improvements of any kind located wholly within the limited common elements of the individual units and all pipes, wires, conduits, or other utility and service lines in or on such unit building, or outside such building, if the same is not utilized for or serving more than one apartment.

Permitted Alterations to Apartments:

Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime shall be required to disclose actual improvement as matter of public report.

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 (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	<u>2</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u>	<u>Covered</u>	<u>Covered</u>	TOTAL
	<u>Open</u>	<u>Open</u>	<u>Open</u>	
Assigned (for each unit)	<u>1</u>			<u>2</u>
Guest				
Unassigned				
Extra for Purchase				
Other:	_____			
Total Covered & Open:	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>

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

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

7. 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: Units share a septic system.

8. 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)

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

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>✓</u>	<u>                    </u>	<u>                    </u>
Structures	<u>✓</u>	<u>                    </u>	<u>                    </u>
Lot	<u>✓</u>	<u>                    </u>	<u>                    </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

- described in Exhibit A and B.  
 as follows:

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

There are no limited common elements in this project.

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

described in Exhibit A & B.

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 the 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:

Unit 1 50%  
Unit 2 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 C describes the encumbrances against the title contained in the title report dated March 28, 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 on Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
Mortgage	If foreclosed, Buyer's deposit shall be refunded, (less any cancellation fee) and the sales contract between Seller and Buyer shall be canceled.

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:  
Units are sold "as is". No warranties.

2. Appliances:  
Appliances contained in the units are not considered part of the unit and are not sold or transferred with the seller transfer of the unit.

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

Construction completed in 2001. Construction began in 1993.

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
- Specimen Sales Contract  
Exhibit  E  contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated  March 20, 2002   
Exhibit  F  contains a summary of the pertinent provisions of the escrow agreement.
- Other  Specimen Apartment Deed.

### 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 (1) Perpetual Right and Easement, (2) Mortgage, (3) Mortgage Assignment

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, 3<sup>rd</sup> 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. 4848 filed with the Real Estate Commission on May 13, 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**

**NOTICE**

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report. You should also conduct your own investigation and ascertain the validity of information provided.

**DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER:**

THE DEVELOPER DOES NOT PRESENTLY INTEND TO USE A REAL ESTATE BROKER FOR THE SALE OF APARTMENTS IN THIS PROJECT.

IN THE EVENT THE 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.

**PURPOSES OF BUILDINGS AND RESTRICTIONS AS TO USE**

Each owner may make use of his apartment and the limited common area associated therewith as is permitted under the laws and ordinances under the State of Hawaii and County of Kauai, subject to the following restrictions:

- (a) All units of the Property shall be used for single-family residential purposes.
- (b) All common and limited common elements of the Property shall be used only for their respective purposes as designed.
- (c) Units 1 & 2 shall each be limited in total occupancy to six (6) persons (adult or children).
- (d) No Owner or occupant or their guests shall place, store or maintain in the common elements any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.
- (e) Any improvements made, or activities engaged in, by an owner upon, in or within his unit or the limited common elements appurtenant thereto shall be at the sole cost and expense of that owner and other owners shall not bear any liability or responsibility of any nature whatsoever for such cost and expense, except as otherwise specifically stated herein.
- (f) No hotel or timeshare use shall be allowed. The Unit Owner shall have right to rent or lease their unit, including vacation rental, subject to the limitations, restrictions, covenants, and conditions contained in State law, County ordinance, applicable government regulations, recorded restrictions on the unit or the subdivision on which the Project is located, any protective covenants and house rules, this Bylaws or in the Declaration of the Association of Condominium Owners.
- (g) If, due to any owners use or improvements within his apartment or any exclusive limited common element appurtenant thereto, any common expense is increased (such as taxes or insurance), the amount of the increase as attributable to such use or improvement shall be the sole liability or responsibility of the owner causing the same.

(h) Every Owner and occupant shall at all times keep his apartment and any exclusive limited common elements appurtenant thereto in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the period during which the same are applicable to the use of the Property.

(i) No Owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his unit or the Project, nor alter or remove any furniture, furnishings, equipment, or any improvements of the common elements.

(j) The existing restrictions for the usage of the underlying property filed with the Bureau of Conveyances, State of Hawaii, including but not restricted to the Deed with its restrictions are hereby incorporated by reference and shall bind each apartment to said recorded restrictions as well as those set forth herein.

(k) Where present and future House Rules and subdivision covenants of record do not prohibit typical household pets each unit is allowed to keep no more than one (1) dog and one (1) cat as pets without the written consent of the other owners, however, no Owner or occupant shall keep poultry of any type, pigs or hunting dogs specifically including pitbulls and other dogs of similar disposition and/or breeding. Furthermore, pests as defined in HRS Section 150A-2 or those prohibited from importation under HRS 141-2 or 150A-5 and 150A-6 shall be prohibited in this Project. This shall apply equally to Owners and occupants permitted pets under the terms of their individual leases. Seeing-eye or handicapped-assistance trained animals shall not be precluded from the Project.

Any Owner and/or occupant keeping a pet, not prohibited in the bylaws, as of the effective date of the amendment to the bylaws which prohibits pets, may, from the death of the pet, replace the animal with another and continue to do so for so long as the Owner and occupant continues to reside in the apartment or another apartment subject to the same bylaws.

(l) All Owners and occupants shall exercise extreme care to avoid making noises, including but not limited, to noise in the use of musical instruments, radios, televisions and amplifiers that may disturb other occupants. Consideration and care shall be observed in the use of noisy and/or heavy equipment, musical instruments, radios, televisions and amplifiers during the evening, night and early morning hours, and occupants shall otherwise avoid making noise that may unreasonably disturb other occupants.

(m) No Owner or occupant shall make any additions or alterations to any common elements of the property, nor place or maintain thereon any signs, posters or bills whatsoever for more than ninety (90) consecutive days, except in accordance with plans and specifications, including detailed plot plan, approved in writing by the Board and by all Owners of units thereby directly effective, and in compliance with all State of Hawaii and County of Kauai statutes, ordinances, rules and procedures applicable thereto.

(n) No used or second hand material shall be used or incorporated into the construction of any improvements on any lot, nor shall there be placed or maintained upon any lot, any building, which have been moved from another location. No mineral surfaced asphalt roll roofing or corrugated metal roofs will be permitted.

(o) No noxious or offensive activities shall be carried on upon any lot, nor shall anything be done thereon which may be or may become a nuisance or caused unreasonable disturbance or annoyance to other occupants of lots in the neighborhood.

(p) No structure of a temporary character, trailer, quonset hut, tent, shack, garage, barn or other outbuilding shall be used on any lot at anytime as a residence either temporary or permanently.

(q) No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall not be kept, except in sanitary containers which are sheltered and kept from public view. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. Vehicles in a non-operating condition must be

parked in the apartment carport. No vehicle in a non-operating condition may remain on the premises for more than thirty (30) days without Board approval.

(r) Tractors, work trucks or similar vehicles or equipment may not be stored or parked on any lot unless it is within an enclosed garage structure.

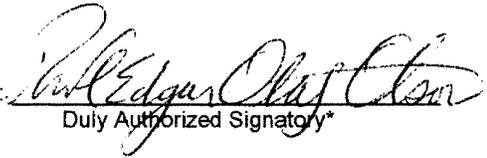
(s) No hedge, tree, or vegetation of any sort, excluding coconut palms, shall be allowed to grow on Unit Two (2) or along any part of the boundaries thereof to a height of more than fourteen (14) feet without the written consent of the Owner or Owners of Unit One (1).

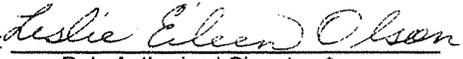
To protect the view plane and maintain the value of Unit One (1), Unit Owners are hereby granted easements and the right to reasonably trim vegetation on Unit 2 to conform with the vegetation height restriction.

(t) No heavy objects, vehicles, trailers, motorcycles, material or other heavy object may be allowed to pass over or rest upon the septic leach field area designated in the condominium map as Easement "S-1".

- 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.

RICHARD EDGAR OLAF OLSON, Trustee and LESLIE EILEEN OLSON, Trustee  
Printed Name of Developer

By:  Mar 18, 2002  
Duly Authorized Signatory\* Date

By:  March 18, 2002  
Duly Authorized Signatory\* Date

RICHARD EDGAR OLAF OLSON, Trustee and LESLIE EILEEN OLSON, Trustee  
Developers and Owners  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

***\*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.***

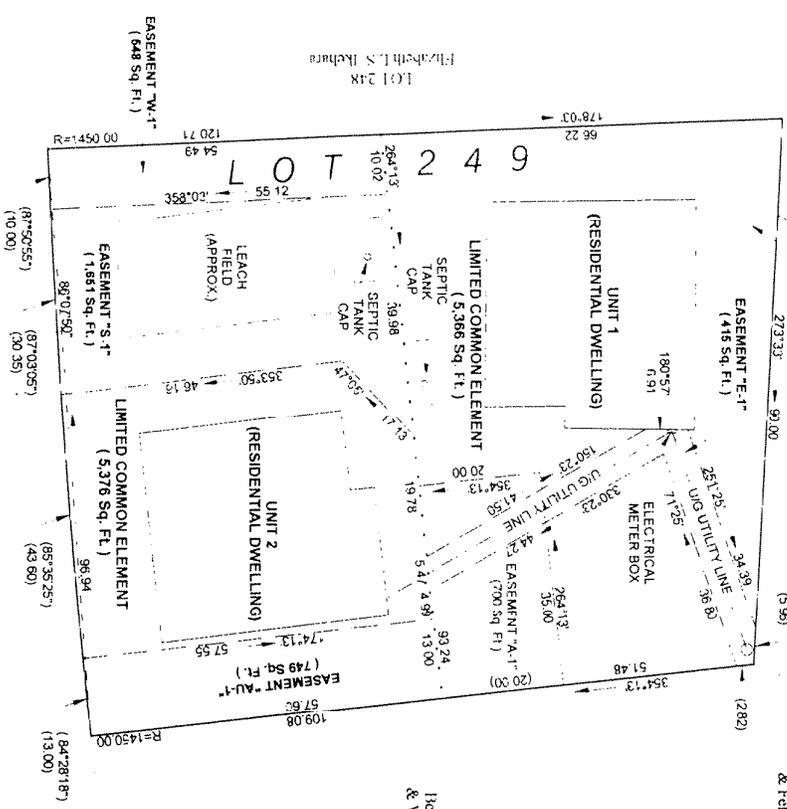
LOT 244  
Daniel F. Lambogon  
& Wife, Maria Y.

(EX) EASEMENT TO  
CITIZENS UTILITY COMPANY &  
HAWAIIAN TELEPHONE COMPANY  
& Wife, Anne Kean  
(5.95)

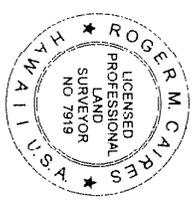
LOT 245  
Joel J. Koehle  
& Wife, Anne Kean  
(5.95)

LOT 246  
Meredith Petru  
& Feliciano Fernandez, JT

LOT 250  
Richard Olotes  
& Wife, Mildred



- NOTES:
1. Easement "A-1" in favor of Unit 2 affecting Unit 1 for access purposes. (700 Sq. Ft.)
  2. Easement "AU-1" in favor of Unit 1 affecting Unit 2 for access and utility purposes. (749 Sq. Ft.)
  3. Easement "E-1" in favor of Unit 2 affecting Unit 1 for underground utility purposes. (415 Sq. Ft.)
  4. Easement "S-1" in favor of Unit 1 affecting Unit 2 for individual wastewater system purposes (1,651 Sq. Ft.)
  5. Easement "W-1" affecting Unit 2 in favor of Unit 1 for underground water supply purposes (548 Sq. Ft.)
  6. Existing electrical meter boxes and power pole were located in the field. Location of underground utility lines are based on information supplied by owner and were not field located.
  7. Existing septic tank caps were located in the field. Location of underground leach field, septic tanks and appurtenances are based on individual wastewater system pick plan and septic system layout plan by Kagimoto & Associates dated 9/25/03 and were not field located.
  8. This project does not involve the sales of individual subdivided lots as indicated on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.



THIS MAP WAS PREPARED BY ME  
OR UNDER MY SUPERVISION.

*Roger M. Cairns*  
Signature  
CAIRNS LAND SURVEYING  
P.O. Box 777  
Kalaheo, Kauai, Hawaii 96741  
October 23, 2000



KAUMUALII HIGHWAY

"8663 KAUMUALII HIGHWAY CONDOMINIUM"  
MAP SHOWING  
UNITS 1 AND 2  
DESIGNATION OF EASEMENTS A-1, AU-1, E-1, S-1, AND W-1  
BEING LOT 249

KEKAHA HOUSE LOTS  
8663 KAUMUALII HIGHWAY  
KEKAHA, KAUAI, HAWAII  
TMK 4/1-3-10: 04  
AREA: 10,742 SQ.FT.  
OWNERS: Leslie Eileen Olson Trust &  
Richard Edgar Olaf Olson Trust

## **EXHIBIT B**

### **COMMON ELEMENTS OF THE PROJECT**

The common elements of the Project consist only of the following:

1. all of the Land described in Exhibit "A", in fee simple, subject to the division of the same as limited common elements pursuant to Section VIII herein;
2. all pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures, retaining walls (if any) and yard fences, and septic systems which are located outside the buildings and which are utilized for or serve more than one apartment.
3. the limited common elements described in Section VIII below, subject to the limitations and uses provided for therein;

### **LIMITED COMMON ELEMENTS OF THE PROJECT**

The limited common elements of the Project are hereby designated and set aside for the exclusive use of one or more units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

1. That portion of the Land which is designated as Limited Common Element 1, consisting of 5,366 square feet, on the Condominium Map, is reserved for the exclusive use of Unit 1 for the support of the building and other improvements comprising Unit 1 and for residential yard, driveway and parking purposes;
2. That portion of the Land which is designated as Limited Common Element 2, consisting of 5,376 square feet, on the Condominium Map, is reserved for the exclusive use of Unit 2 for the support of the building and other improvements comprising Unit 2 and for residential yard, driveway and parking purposes;

The limited common elements do not include the common elements identified in clause 2 of Section VII above.

Each apartment owner, at his expense, shall maintain the limited common elements appurtenant to his apartment in good order and in a neat and attractive condition. All limited common elements costs and expenses shall be borne by the apartment owners in the following equitable manner: All limited common elements costs and expenses, including, but not limited to, maintenance, repair, land taxes, replacement, additions and improvements of or to the limited common elements, shall be borne by and charged to the owner of the apartment to which the limited common element is appurtenant.

**\*Land areas referenced herein are not legally subdivided lots.**

**END OF EXHIBIT B**

## **EXHIBIT C**

### **ENCUMBRANCES AGAINST TITLE**

1. Tax Key: (4) 1-3-010-004

The lien of any real property taxes due and payable reference is made to the County Department of Finance, County of Kauai.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. GRANT TO: CITIZENS UTILITIES COMPANY and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED: March 5, 1986

RECORDED: Liber 19488 Page 772

GRANTING: a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity, etc.

4. MORTGAGE (DIRECT)

MORTGAGOR: RICHARD EDGAR OLAF OLSON, individually and as Trustee of the Richard Edgar Olaf Olson Revocable Living Trust dated December 18, 1991, and LESLIE EILEEN OLSON, individually and as Trustee of the Leslie Eileen Olson Revocable Living Trust dated December 18, 1991

MORTGAGEE: ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION, an agency of the Government of the United States of America

DATED: November 10, 1992

RECORDED: Document No. 93-193053

AMOUNT: \$120,000.00

#### **ABOVE MORTGAGE ASSIGNED**

TO : LLP MORTGAGE LTD. f/k/a LOAN PARTICIPANT PARTNERS, LTD. a Texas limited partnership

DATED : November 19, 2001

RECORDED : Document No. 2001-207600

5. 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  
FOR "8663 KAUMUALII HIGHWAY" CONDOMINIUM  
PROJECT

DATED : January 3, 2002  
MAP : 3388 and any amendments thereto

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

INSTRUMENT : FIRST AMENDMENT TO DECLARATION OF  
CONDOMINIUM PROPERTY REGIME FOR "8663  
KAUMUALII HIGHWAY" CONDOMINIUM PROJECT

DATED : March 18, 2002  
Document No. 2002-071650

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT  
OWNERS

DATED : January 3, 2002  
RECORDED : Document No. 2002-003063

**END OF EXHIBIT C**

**EXHIBIT D**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Unit</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
1	\$ 00.00	\$ 000.00
2	\$ 00.00	\$ 000.00

Developer discloses that no reserve study was conducted in accordance with Section 514A-83.6, Hawaii Revised Statute, or in accordance with Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended, in that estimated replacement reserve are not required to be collected until the fiscal year which begins after the Association first annual meeting.

Fire Insurance

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate fire insurance policies and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

**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 - Septic System

\$ To be determined.

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

\$ 00.00

\$ 000.00

TOTAL

\$ 00.00

\$ 000.00

We, RICHARD EDGAR OLAF OLSON, Trustee and LESLIE EILEEN OLSON, Trustee, as developer for the 8663 KAUMUALII HIGHWAY CONDOMINIUM, 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.

*Richard Edgar Olaf Olson*  
Signature

*MARCH 18, 2002*  
Date

*Leslie Eileen Olson*  
Signature

*MARCH 18, 2002*  
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 Section 514A 83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

## EXHIBIT E

### SUMMARY OF SALES CONTRACT AND ADDENDUM:

The Seller intends to use the Hawaii Association of Realtors' form entitled Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of apartments in the Project. The sales contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to buy an apartment.

Among other things, the sales contract and addendum:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how buyer will pay the purchase price.
  2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or canceled.
  3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
  4. Provides the following remedies, in the event of default under the sales contract:
    - By Buyer:
      - a. Seller may bring an action against Buyer for breach of contract;
      - b. Seller may retain Buyer's initial deposit;
      - c. Buyer shall be responsible for expenses incurred.
    - By Seller:
      - a. Buyer may bring an action against Seller for breach of contract;
      - b. Buyer may bring an action compelling Seller to perform under contract;
      - c. Seller shall be responsible for expenses incurred.
- Any awards to the prevailing party in any action are subordinate to escrow's expenses.
5. Allocation of payment of closing costs.
  6. Provides that the property is sold "as is".

**SPECIAL NOTICE: THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. THE PURCHASER MUST REFER TO THE PURCHASER'S CONTRACT TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL NOT THIS SUMMARY.**

**END OF EXHIBIT E**

## EXHIBIT F

### SUMMARY OF PORTIONS OF ESCROW AGREEMENT:

The Escrow Agreement ("Agreement") between TITLE GUARANTY OF HAWAII, INC., (the "Escrow"), and RICHARD EDGAR OLAF OLSON and LESLIE EILEEN OLSON (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.

3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.

4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.

5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based on schedule rate.

**SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.**

**END OF EXHIBIT F**