

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer: Jahanshah Salehi
Address: P.O. Box 9047, Kailua-Kona, Hawaii 96740

Project Name(*): GOLSARA GARDENS CONDOMINIUM PROJECT
Address: Kaunualumalu, North Kona, HI

Registration No. 4978
(Conversion)

Effective date: August 21, 2003
Expiration date: September 21, 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. A Final Public Report will be issued by the developer when complete information is filed.

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

 SUPPLEMENTARY: This report updates information contained in the.
(pink) [] Preliminary Public Report dated: _____
[] Final Public Report dated: _____
[] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports
[] Must be read together with _____
[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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 Commission.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, **not** a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does **not** represent a legally subdivided lot. The dotted lines and metes and bounds descriptions on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.

The developer makes no representations or warranties with respect to (i) the improvements that are or will be allowed on the real property, (ii) the uses that are allowed or required for real property located in an "Agricultural" land use classification or (iii) the restrictions, requirements or conditions that may be imposed by any governmental entity with respect to the proposed uses of the real property and/or the apartments or the proposed construction of improvements thereon or therein. Prospective buyers are advised to verify the legality of and the requirements for the buyer's intended use of the apartment and the land with the County of Hawaii. (See Exhibit G attached to this report).

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

*Note: Developer has filed with the County Planning Department the Notice of Intention, proposed condo map and plot plan and public report.

 In the event that the County objects to certain aspects of the project, which the Commission deems material, Developer shall file a Supplementary Public Report addressing such concerns.

Prospective purchasers are advised that as of the effective date of this report, no additional comments have been received from the Hawaii County Planning Department. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARDS 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: Jahanshah Salehi Phone: (808) 322-0987
Name* (Business)
P.O. Box 9047, Kailua-Kona, Hawaii 96740

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):
None

Real Estate Broker*: Reba-Mae H. Silva dba Phone: (808) 326-4756
Reba-Mae Silva Realty (Business)
Name
75-5995 Kuakini Highway, Suite 111
Business Address
Kailua-Kona, Hawaii 96740

Escrow: Fidelity Nat'l Title & Escrow of Haw., Inc. Phone: (808) 334-0202
Name (Business)
75-1000 Henry St., Suite 203
Business Address
Kailua-Kona, Hawaii 96740

General Contractor*: _____ Phone: _____
Name (Business)

Business Address

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

Attorney for Developer: Robert D. Triantos Phone: (808) 329-6464
Name (Business)
Carlsmith Ball LLP
Business Address
75-1000 Henry Street, Kailua-Kona, HI 96740

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

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2002-001156
Book _____ Page _____
 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]:

- 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 the condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3386
 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]:

Amendment to Condominium Map No. 3386 dated September 27, 2002 and recorded October 3, 2002 as Document No. 2002-175993; Second Amendment to Condominium Map No. 3386 dated February 19, 2003 and recorded February 20, 2003 as Document No. 2003-031167; Third Amendment to Condominium Map dated July 23, 2003 and recorded August 4, 2003 as Document No. 2003-160873.

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2002-001157
Book _____ Page _____
 Filed - Land Court Document No. _____

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:

Developer reserves to himself the non-exclusive right to grant from time to time within the Common Elements, easements and rights-of-way over, under, and across the Common Elements for utilities, sanitary and storm sewers, drains, cable television and other utility services, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any Apartment. In addition, during the sales period, the Developer has reserved the right to make any changes to the project documents and the project as may be required by law, any title insurance company, and institutional lender or any governmental agency; and, prior to the conveyance or transfer of the first unit, for any reason and in any manner as the developer deems necessary, provided that no such change shall substantially alter or reduce the usable space or value of any unit or the unit's limited common elements, render unenforceable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, increase the purchase price or reduce the obligations of the Developer for common expenses or unsold units.

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 purposes of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

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

B. Underlying Land:

Address: Lot 9 of Estates at Holualoa, Tax Map Key: (3) 7-7-007:63
Kaunalumalu, North Kona (TMK)
Hawaii

Address TMK is expected to change because County of Hawaii will assign street
addresses upon inspection of project building

Land Area: 5 450 square feet acre(s) Zoning: A-5a

Fee Owner: Jahanshah Salehi, unmarried
 Name
P.O. Box 9047, Kailua-Kona, Hawaii 96740
 Address

Sublessor: 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: TWO (2) Floors Per Building Apt. A - 2; Apt. B - 1
 Exhibit A contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____
4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" 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: _____
 Number of Occupants: _____
 Other: Only uses allowed by Hawaii County Code and State Land Use laws

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>A</u>	<u>1</u>	<u>3/3.5</u>	<u>3,170</u>	<u>923 / 612 / 330</u>	<u>lanai / garage/ carport</u>
<u>B</u>	<u>1</u>	<u>N/A</u>	<u>N/A</u>	<u>48</u>	<u>Shade cloth green house</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total 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:

Each Apartment shall be deemed to include the perimeter walls and any doors, windows, floors, roofs, concrete footings, garages or other improvements now existing or hereafter constructed on or within the appurtenant Yards.

Permitted Alterations to Apartments:

Each Apartment Owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the Owner of the other Apartment or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his Apartment, or portions thereof, or upon the Yard and limited common elements appurtenant to his Apartment.

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 this 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: _____ 2*

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

***Unit A & B have ample area within their limited common area for parking purposes.**

Each residential 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 A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

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 _____

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

Not Applicable.

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

- described in Exhibit 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 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 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 A - 50%

Unit B - 50%

The foregoing percentages were calculated to provide each apartment owner with a roughly equal percentage of common interest in the condominium project.

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 _____ 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.

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>
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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:

Developer makes no express warranties. DEVELOPER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENTS, THE COMMON ELEMENTS OR THE PROJECT.

Developer disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which a buyer may encounter with respect to the apartments or the project.

2. Appliances:

None.

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

UNIT A - 1998

UNIT B - 2003

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):

None.

IV. CONDOMINIUM MANAGEMENT

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

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

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

- | | |
|---|--|
| <input type="checkbox"/> not affiliated with the Developer | <input type="checkbox"/> the Developer or the Developer's affiliate. |
| <input checked="" type="checkbox"/> self-managed by the Association of Apartment Owners | <input type="checkbox"/> other _____ |

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit D contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 21, 2002
Exhibit F 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 given 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) FARM DWELLING NOTICE. See Page 20.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. 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. 4978 filed with the Real Estate Commission on November 18, 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

Residential Dwellings within State Land Use Agricultural District*

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

FARM DWELLING NOTICE

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

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

Farm Dwelling is defined in Chapter 205.4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205.4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

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

Signature of Witness

Signature of Applicant

* Please also see Exhibit "G" attached hereto.

Additional Information Not Covered Above, continued

Shade Cloth Greenhouse. There is one shade cloth greenhouse depicted on the Condominium Map, as amended. This shed was constructed without a building permit from the County of Hawaii because sheds of this size and dimension do not require building permits from the County. Normally, an owner who builds a structure on his property can be exempt from the requirements of Hawaii Revised Statutes 444-1 et seq. if certain things are done in connection with the County's issuance of a building permit. Since the County of Hawaii does not require a building permit for the shade cloth greenhouse of the type in question, however, Chapter 444 does not appear to apply in this situation.

The Condominium Map was recorded without a certificate from a registered architect or professional engineer for the shade cloth greenhouse stating that the map consists of copies of portions of the plans filed with and approved by the County officer having jurisdiction over the issuance of permits for construction of buildings. This occurred because no building permits were required for construction of the shade cloth greenhouse and, therefore, no plans for the greenhouse had to be submitted. The Developer has filed an "as-built" certificate for the shade cloth greenhouse with its Third Amendment to Condominium Map No. 3386.

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

Water. Unit A of the Project is serviced by the Department of Water Supply via a 5/8" water meter which is a limited common element of Unit A. Unit B will be serviced by a separate water meter which will be a limited common element of Unit B. Upon receipt of the necessary easements and governmental approvals, the Unit B water line will be connected to the existing county water system. If for any reason the above easements and approvals are not obtained, Unit B will be serviced by a private water catchment system approved by the applicable state and county agencies.

- 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-1.6] (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.

JAHANSHAH SALEHI
Printed Name of Developer

By: Jahanshah Salehi 8/13/03
Duly Authorized Signatory* Date

JAHANSHAH SALEHI
Printed Name & Title of Person Signing Above

Distribution:

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

****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.***

GOLSARA GARDENS CONDOMINIUM PROJECT

EXHIBIT "A"

DESCRIPTION OF BUILDINGS AND APARTMENTS

1. **Description of the Buildings:** The Project is shown on the Condominium Map and consists of Unit A consisting of a seven (7) room, two-story dwelling with no basement constructed principally of wood, concrete, metal, composition, hollow tile, plaster, glass and related building materials, and Unit B consisting of a one (1) room, single story greenhouse with no basement constructed principally of wood and shade cloth. If the descriptions and divisions set forth in the Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended only to show the layout, location, Apartment numbers, dimensions and elevations of the Apartments and is not intended and shall not be deemed to contain or make any other representation or warranty.

2. **Description of the Apartments:** Each of the two (2) Apartments shown on the Condominium Map, together with the perimeter walls and any doors, windows, floors, roofs, concrete footings, garages or other improvements now existing or hereafter constructed on or within the appurtenant Yards, are hereby designated as the Apartments of the Project, and are shown on the Condominium Map and described as follows:

a. **Apartment Numbers and Locations.** The Apartment numbers and the location of Apartments are shown on the Condominium Map.

b. **Layout and Area.** The various Apartments and their respective areas are more particularly described as follows:

(i) **Unit A:** "Unit A" consists of the following: (1) a living room/dining room, a kitchen, a study, a laundry room, three (3) bedrooms, three-and-a-half (3.5) bathrooms, closets and hallways, with a net living area of approximately 3,170 square feet, a detached garage having a net area of approximately 612 square feet, a carport having a net area of approximately 330 square feet, and a lanai having a net area of approximately 923 square feet; and (2) any and all other future improvements which may be constructed on the Yard appurtenant to said Apartment by the Owner thereof. Specifically, in addition to said dwelling structure, the Owner is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of the Declaration and all applicable buildings codes and zoning ordinances. The right to secure the building permit(s) for and construct said improvements vests solely with the Owner of the Apartment, and the costs and expenses of any such future construction shall be borne solely by such Owner.

(ii) **Unit B:** "Unit B" consists of the following: (1) a one (1) room, single story, wood frame and shade cloth greenhouse with a dirt floor, having a net area of approximately 48 square feet; and (2) any and all other future improvements which may be

constructed on the Yard appurtenant to said Apartment by the Owner thereof. Specifically, in addition to said greenhouse structure, the Owner is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of the Declaration and all applicable buildings codes and zoning ordinances. The right to secure the building permit(s) for and construct said improvements vests solely with the Owner of the Apartment, and the costs and expenses of any such future construction shall be borne solely by such Owner.

The foregoing approximate total square footage of the enclosed portions of the Apartments are computed from and to the interior surfaces of the Apartment perimeter walls.

END OF EXHIBIT "A"

GOLSARA GARDENS CONDOMINIUM PROJECT

EXHIBIT "B"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. **Common Elements:** One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements", including specifically, but not limited to:

- a. The Land in fee simple.
- b. All Yards, grounds and landscaping, if any, whether within or appurtenant to the Project.
- c. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which are outside of the Apartment and which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- d. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

2. **Limited Common Elements:** Certain parts of the Common Elements, herein called the "Limited Common Elements", are hereby designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth hereinbelow and in the Declaration. The costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Apartment to which the Limited Common Element is appurtenant, and if there is more than one Apartment to which the Limited Common Element is appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided in the Declaration.

a. Unit A shall have Limited Common Element A as shown on the Condominium Map appurtenant to it as a Limited Common Element. Unit B shall have Limited Common Element B as shown on the Condominium Map appurtenant to it as a Limited Common Element. The boundaries of the Limited Common Elements appurtenant to each Apartment are more particularly described in Exhibit "B" attached to the Declaration. *The Limited Common Elements **do not** represent County of Hawaii approved subdivided lots.* Such boundary descriptions serve only to delineate the boundaries of the Limited Common Element appurtenant to each Apartment.

b. All Common Elements of the Project which are rationally related to less than all of the Apartments shall be Limited Common Elements appurtenant to the Apartment(s) to which they are so related.

END OF EXHIBIT "B"

GOLSARA GARDENS CONDOMINIUM PROJECT

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Unrecorded GRANT OF EASEMENT by FRANK R. GREENWELL to HAWAII ELECTRIC LIGHT COMPANY, INC., dated July 9, 1957, as mentioned in instrument recorded in Liber 9167 at Page 2.
3. Rights of Native Tenants as contained in Land Patent Grant Number S-8591.
4. DESIGNATION OF EASEMENT "D-1" (Part 10)

PURPOSE : drainage
SHOWN : on survey map prepared by Chrystal Thomas Yamasaki, Land Surveyor, with Wes Thomas & Associates, Inc., dated January 29, 1991, last revised on May 4, 1999, being more particularly described as follows:

All of that certain parcel of land (being portion of the land described in and covered by Land Commission Award 9971, Apana 28 to W. P. Leleiohoku) situate, lying and being at the southeasterly corner of Lot 9 at Kaumalumu, District of North Kona, Island and County of Hawaii, State of Hawaii, being EASEMENT "D-1" (PART 10), and thus bounded and described as follows:

Beginning at the southeasterly corner of this easement, being also the southeasterly corner of Lot 9, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAILUA (NORTH MERIDIAN)" being 15,211.65 feet south and 13,267.69 feet east and running by azimuths measured clockwise from true South:

- | | | | |
|----|-------------|--------|--|
| 1. | 99° 47' 30" | 169.25 | feet along Lot 10 of this subdivision to a point; |
| 2. | 251° 21' | 44.18 | feet along the remainder of Lot 9 to a point; |
| 3. | 277° 32' | 128.54 | feet along the remainder of Lot 9 to a point; |
| 4. | 5° 30' | 26.18 | feet along Lot 10 of this subdivision to the point of beginning and containing an area of 3,462 square feet, more or less. |

5. DESIGNATION OF EASEMENT "D-3" (Part 1)

PURPOSE : drainage
SHOWN : on survey map prepared by Chrystal Thomas Yamasaki, Land Surveyor, with Wes Thomas & Associates, Inc., dated January 29, 1991, last revised on May 4, 1999, being more particularly described as follows:

All of that certain parcel of land (being portion of the land described in and covered by Land Commission Award 9971, Apana 28 to W. P. Leleiohoku) situate, lying and being within Lot 9 at Kaumalualu, District of North Kona, Island and County of Hawaii, State of Hawaii, being EASEMENT "D-3" (PART 1), and thus bounded and described as follows:

Beginning at the easternmost corner of this easement, being also a point on the southerly side of Roadway Lot A of this subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAILUA (NORTH MERIDIAN)" being 14,842.97 feet south and 13,219.01 feet east and running by azimuths measured clockwise from true South:

Thence, for the next four (4) courses following along the remainder of Lot 9:

- | | | | |
|----|----------|--------|---|
| 1. | 81° 02' | 222.50 | feet to a point; |
| 2. | 90° 20' | 170.45 | feet to a point; |
| 3. | 45° 09' | 128.33 | feet to a point; |
| 4. | 80° 47' | 22.37 | feet to a point; |
| 5. | 171° 44' | 106.69 | feet along the easterly side of Roadway Lot B of this subdivision to a point; |

Thence, for the next three (3) courses following along the remainder of Lot 9:

- | | | | |
|----|----------|--------|--|
| 6. | 253° 33' | 29.80 | feet to a point; |
| 7. | 229° 16' | 133.10 | feet to a point; |
| 8. | 256° 46' | 132.08 | feet to a point; |
| 9. | 293° 00' | 188.91 | feet along the southerly side of Roadway Lot A of this subdivision to a point; |

Thence, following along the southerly side of Lot A of this subdivision on a curve

to the left with a radius of 625.00 feet, the chord azimuth and distance being:

10. 288° 47' 50" 91.61 feet to the point of beginning and containing an area of 1.086 acres, more or less.

6. DESIGNATION OF EASEMENT "E-5"

PURPOSE : electrical
SHOWN : on survey map prepared by Chrystal Thomas Yamasaki, Land Surveyor, with Wes Thomas & Associates, Inc., dated January 29, 1991, last revised on May 4, 1999, being more particularly described as follows:

All of that certain parcel of land (being portion of the land described in and covered by Land Commission Award 9971, Apana 28 to W. P. Leleiohoku) situate, lying and being at the southerly side of Roadway Lot A at Kaumalumu, District of North Kona, Island and County of Hawaii, State of Hawaii, being EASEMENT "E-5", and thus bounded and described:

Beginning at the northeasterly corner of this easement, being also a point on the southerly side of Roadway Lot A of this subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAILUA (NORTH MERIDIAN)" being 14,796.85 feet south and 13,093.17 feet east and running by azimuths measured clockwise from true South:

Thence, for the next four (3) courses following along the remainder of Lot 9:

- 1. 23° 00' 7.00 feet to a point;
- 2. 113° 00' 6.00 feet to a point;
- 3. 203° 00' 7.00 feet to a point;
- 4. 293° 00' 6.00 feet along the southerly side of Roadway Lot A of this subdivision to the point of beginning and containing an area of 42 square feet, more or less.

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

INSTRUMENT : DECLARATION FOR PROTECTIVE PROVISIONS, COVENANTS,

DATED :
RECORDED : Document No. 92-141275

Said Declaration was amended by instrument dated February 18, 1994, recorded as Document No. 94-034482 and by instrument dated October 9, 1995, recorded as Document No. 95-152421.

8. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and GTE
HAWAIIAN TELEPHONE COMPANY
INCORPORATED

DATED : February 4, 1993
RECORDED : Document No. 93-056604
GRANTING : a perpetual right and easement to build, construct,
reconstruct, rebuild, repair, maintain and operate
underground lines and transformer vaults, and to use such
conduits and other appliances and equipment as may be
necessary for the transmission and distribution of
electricity, etc. over, upon, across, through and under said
above Easement "E-5

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

INSTRUMENT : WARRANTY DEED

DATED : August 24, 1995
RECORDED : Document No. 95-118299

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

INSTRUMENT : FARM DWELLING AGREEMENT

DATED : April 8, 1997
RECORDED : Document No. 97-053267
PARTIES : JAHANSHAH SALEHI and COUNTY OF HAWAII

11. 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 "GOLSARA GARDENS
CONDOMINIUM PROJECT"

DATED : December 27,2001
RECORDED : Document No. 2002-001156
MAP : 3386 and any amendments thereto

12. 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 : December 27, 2001
RECORDED : Document No. 2002-001157

END OF EXHIBIT "C"

GOLSARA GARDENS CONDOMINIUM PROJECT

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES AND DISBURSEMENTS

The regular maintenance and repair of each apartment and the limited common elements appurtenant to each apartment is the sole responsibility of each respective apartment owner. There are presently no common elements which will require maintenance and repair by the Association, except the driveway providing vehicular access to the project. In the future, the utility facilities which serve more than one apartment and the driveway will be the only common elements of the Project to require maintenance and repair by the Association. The driveway and utility facilities that serve more than one apartment are not expected to require maintenance or repair on a regular basis. The payment for all utility services to each apartment is the sole responsibility of the apartment owner. Assessments for Estates at Holualoa Community Association expenses will be made against each apartment and are the sole responsibility of the apartment owner. As a result, Developer anticipates that there will be no annual assessments for maintenance fees. Instead, assessments for maintenance and repair of the common elements will be made as needed and assessments for utilities and Community Association expenses will be made directly to the apartment by the utility provider or the Community Association for payment by the apartment owner.

Section 514A-86, HRS, requires fire insurance to be purchased by the Association to cover the improvements of the Project. Pursuant to Paragraph K of the Declaration and Article VII of the Bylaws, the Association will purchase such insurance for the common elements once such common elements are constructed. Pursuant to the Declaration and the Bylaws, the Association will require the individual apartment owners to obtain separate insurance policies for their respective apartments and the appurtenant limited common elements (once constructed), the premiums for which will be the sole responsibility of and be paid by each respective apartment owner.

There is no non-exempt Association property requiring the establishment of any replacement reserves pursuant to HRS § 514A-83.6 or Subchapter 6 of Chapter 16-107 of the Hawaii Administrative Rules.

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 8, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

I, Jahanshah Salehi, Developer, hereby certify that the above estimate of initial maintenance fees and disbursements are true and accurate to the best of my knowledge.


Jahanshah Salehi

Date: 8/13/03, 2003

END OF EXHIBIT "D"

GOLSARA GARDENS CONDOMINIUM PROJECT

EXHIBIT "E"

SUMMARY OF SALES CONTRACT

The sales contract that will be used will say, in addition to the price, description and location of the apartment, and other terms and conditions under which a buyer will agree to purchase an apartment in the Project, the following:

(a) What a buyer must do to qualify for a loan if the buyer wants a mortgage loan to cover part of the purchase price.

(b) That a buyer's money will be held in escrow, under the terms of the escrow agreement.

(c) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(d) That in the event buyer fails to perform buyer's obligations under the sales contract (seller not being in default), seller may (1) bring an action for damages for breach of contract, (2) retain the initial deposit and all additional deposits provided for herein as liquidated damages, and (3) buyer shall be responsible for any costs incurred in accordance with the sales contract.

(e) That in the event seller fails to perform seller's obligations under the sales contract (buyer not being in default), buyer may (1) bring an action for damages for breach of contract, (2) seek specific performance of the sales contract, and (3) seller shall be responsible for any costs incurred in accordance with the sales contract.

The sales contract will contain various other provisions which the buyer should become acquainted with.

It is incumbent on the buyer that he read the full text of the Sales Contract.

END OF EXHIBIT "E"

GOLSARA GARDENS CONDOMINIUM PROJECT

EXHIBIT "F"

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

A copy of the executed Condominium Escrow Agreement dated October 21, 2002, between Fidelity National Title & Escrow of Hawaii, Inc., as Escrow Agent, and Developer, has been filed with the Commission. The Escrow Agreement provides for the deposit of buyer's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides, in part, that any interest earned on money on deposit may be retained by the Developer unless the Sales Contract directs otherwise. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a buyer to a refund of buyer's deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund buyer's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

By law the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

As provided in the Escrow Agreement, a buyer is entitled to a return of his funds, and the Escrow Agent will pay such funds to such buyer without any interest earned thereon and less the cancellation fee imposed by the Escrow Agent, promptly after request for return by buyer if any one of the following has occurred:

- 1) Developer has requested the Escrow Agent in writing to return to buyer the funds of buyer then being held hereunder by the Escrow Agent; or
- 2) Developer has notified the Escrow Agent of Developer's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Developer; or
- 3) Buyer's funds were obtained prior to the issuance of a Final Public Report and the Final Public Report is not issued within thirteen (13) months of the date of issuance of the Preliminary Public Report; or
- 4) There is any material change in the Project which directly, substantially and adversely affects the use or value of buyer's Apartment, the limited common elements appurtenant to such Apartment, or the amenities of the Project available for buyer's use which buyer has not approved in writing, and buyer has not accepted the Apartment or occupied it for more than ninety (90) days, or buyer is otherwise entitled to rescind as provided in H.R.S. Section 514A-63; or

5) After the Final Public Report is delivered, the buyer notifies Developer in writing that buyer has decided to cancel the Sales Contract within thirty (30) days of buyer's receipt of the Final Public Report; or

6) Upon return of such funds to buyer, the Escrow Agent shall return to Developer buyer's Sales Contract and any conveyancing documents theretofore delivered to the Escrow Agent; and thereupon buyer shall no longer be obligated under the Sales Contract. Other documents held by the Escrow Agent relating to the sale of the Apartment identified in such Sales Contract will be returned to the person from whom, or entity from which, they were received.

The Escrow Agent shall make no disbursements of buyer's funds pursuant to the foregoing until both the following have occurred:

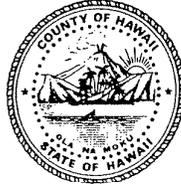
a) Developer has certified in writing to the Escrow Agent that buyer's Sales Contract "has become effective, and the requirements of Section 514A-63 have been met", as said phrases are used in Section 514A-65 of the Hawaii Revised Statutes; and

b) A Final Public Report for the Project has been issued by the Real Estate Commission and the Escrow Agent has received a copy of buyer's receipt for such Final Public Report and waiver of right to cancel, or thirty (30) days have elapsed since buyer receipted for such Final Public Report.

It is incumbent upon a prospective buyer to read the executed Escrow Agreement with care.

END OF EXHIBIT "F"

Harry Kim
Mayor



Christopher J. Yuen
Director

Roy R. Takemoto
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

25 Aupuni Street, Room 109 • Hilo, Hawaii 96720-4252
(808) 961-8288 • Fax (808) 961-8742

January 14, 2003

Robert D. Triantos, Esq.
Carlsmith Ball, LLP
P.O. Box 1720
Kailua-Kona, Hawaii 96745-1720

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REAL ESTATE BRANCH
03 JAN 27 P 2:04
DEPT OF COMMERCE
& CONSUMER AFFAIRS
STATE OF HAWAII

Dear Mr. Triantos:

Condominium Property Regime Compliance with County Codes

Project: Golsara Gardens Condominium Project
Developer: Jahanshah Salehi
Tax Map Key: (3) 7-7-007:063

We are in receipt of your letter, dated November 14, 2002, and the accompanying Notice of Intention and Questionnaire, Condominium Public Report, CPR Map & Amendment to CPR Map No. 3386, and Affidavit of Counsel with supporting Exhibits A and B for the subject project.

The following is our response to your request for a written statement, pursuant to the requirements of Hawaii Revised Statutes §514A-40(b)(1), regarding the referenced condominium project. The subject 5.45-acre property is zoned Agricultural (A-5a) by the County and is situated within the State Land Use Agricultural district. Our research has resulted in the following:

1. Planning Department records include the following:
 - a. No variances were granted to achieve compliance with zoning or building ordinances and codes.
 - b. No non-conforming uses or structures are identified on the subject property. However, we note that the statement on page 21 of the Condominium Public Report, under "Additional Information Not Covered Above", states the shed depicted on the Condominium Map was constructed without a building permit

EXHIBIT "G"

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because the size and dimensions of the structure make it exempt from requiring a building permit from the County. The height of the structure, as measured from finish grade to the top of the structure, shown on the Condominium Map appears to be greater than 6', which would make it necessary for a building permit to be issued.

- c. An Additional Farm Dwelling Agreement (AFDA) was approved on March 31, 1997 to allow for the construction of a second dwelling unit on the subject property.

For your information, the following deficiencies are noted regarding the above-referenced AFDA:

- i. The Planning Department has not been provided with a copy of the recorded Farm Dwelling Agreement as required by Rule 13-8(d)(3), Planning Department Rules of Practice and Procedure.
- ii. Pursuant to §25-2-7, Hawaii County Code, any permit or approval issued under the Zoning Code that has not been utilized within two years from the date of the written approval is subject to the initiation of proceedings by the Director to invalidate said permit or approval. To date, no building permit has been issued and utilized for the construction of the additional farm dwelling.

Chapter 205, HRS does not authorize residential dwellings as a permissible use in the Agricultural District as classified by the State Land Use Commission, unless the dwelling is related to an agricultural activity or is a "farm dwelling." A "farm dwelling" is defined in Section 205-4.5(a)(4) as "a single family dwelling located on and used in conjunction with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling." All property buyers must comply with.

The Hawaii County Code, Chapter 25, Zoning, Sections 25-5-77(b), (c) and (1) state the following:

- (a) One (1) single-family dwelling or one (1) farm dwelling shall be permitted on any building site in the "A" district. A farm dwelling is a single-family dwelling that is located on or used in connection with a farm or if the

agricultural activity provides income to the family occupying the dwelling.

(b) Additional farm dwellings may be permitted in the "A" district only upon the following conditions:

- (1) A farm dwelling agreement for each additional farm dwelling, on a form prepared by the director, shall be executed between the owner of the building site, any lessee having a lease on the building site with a term exceeding one (1) year from the date of the farm dwelling agreement, and the County. The agreement shall require the dwelling to be used for farm-related purposes.

It should be clearly understood that the mere submittal of an application for an additional farm dwelling agreement does not guarantee approval.

2. Building Division-Department of Public Works (BD-DPW) records indicate the following development of the subject property:
 - a. BP #965882 was issued on October 17, 1996 to construct a two-story dwelling with 3,170 square feet of floor area. This permit was closed due to final inspection recorded on May 14, 1998.
 - b. BP #975061 was issued on January 22, 1997 to construct a rock retaining wall for the residence. This permit was closed due to final inspection recorded on May 14, 1998.
 - c. BP #975396 was issued on May 27, 1997 to construct a 48 square foot greenhouse. This permit was recorded as being void on January 29, 2001.
 - d. BP #975397 was issued on May 27, 1997 to construct a new two-story dwelling with 5,716 square feet of floor area. This permit was recorded as being void on January 29, 2001.
3. Pursuant to §23A-20(a)(3), Ordinance 02-111, the subject CPR project is in compliance with the Hawaii County Subdivision Code in that fees were paid prior to June 19, 2001 for attorneys or surveyors directly related to creating a condominium property regime on the subject lot.

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All property buyers must comply with Chapter 205, H.R.S. and Chapter 25 of the Hawaii County Code.

Should you have questions, please feel welcome to contact Larry Brown at 961-8288.

Sincerely,



CHRISTOPHER J. YUEN
Planning Director

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xc: Planning Department – West Hawaii Office
Department of Water Supply – Water Resources & Planning Branch
Real Property Tax Office

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