

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: LEE ROGERS AND CHRISTINE M. ZICK
Address: 87-2872C MAMALAHOA HWY., CAPTAIN COOK, HI 96704

Project Name(*): KOLO FARMS
Address: 87-2872C MAMALAHOA HWY., CAPTAIN COOK, HI 96704

Registration No. 5083 Conversion Effective date: July 7, 2003 Expiration date: August 7, 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 a condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with
SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:
And
[] Supersedes all prior public reports
[] Must be read together with
[] This report reactivates the public report(s) which expired on

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

FORM: RECO-30 286/986/189/1190/892/0198/0800/0203

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 Report

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued.

It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a Condominium Project, **not** a subdivision. The land area beneath and immediately appurtenant to each unit is designated as a LIMITED COMMON AREA and is NOT a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for 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, and subdivision requirements have necessarily been complied with..

Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways

Based on directives issued by the Hawaii County Planning Office, without the Developer **first** satisfying certain county requirements, the purchaser may not be able to develop, replace, expand, or construct other structures for this condominium project in the future. **Prior the purchase**, the prospective purchase is advised to review this condominium project with the respective Hawaii county Planning Office to receive the most recent directive on this issue.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING

TABLE OF CONTENTS

	page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	
17	
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A:	Description of Buildings and Other Improvements
EXHIBIT B:	Parking Plan
EXHIBIT C:	Description of Common Elements and Limited Common Elements
EXHIBIT D:	Encumbrances against title
EXHIBIT E:	Schedule of estimated initial maintenance fees and maintenance fee disbursements
EXHIBIT F:	Summary of Sales Contract
EXHIBIT G:	Summary of Escrow Agreement
EXHIBIT H:	Agreement with County of Hawaii Department of Water Supply
EXHIBIT I:	Letter from Planning Department, County of Hawaii dated November 22, 2002 and Exhibit "A"

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: LEE ROGERS
CHRISTINE M. ZICK Phone: (808) 328-2609
Name* (Business)
87-2872C MAMALAHOA HWY.
Business Address
CAPTAIN COOK, HI 96704

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

N/A

Real Estate Broker*: NONE SELECTED. SEE PAGE. 20 Phone: (Business)
Name
Business Address

Escrow: FIRST HAWAII TITLE CORP. Phone: (808) 885-4822
Name (Business)
P. O. BOX 1180
Business Address
KAMUELA, HI 96743

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

Condominium Managing Agent*: THE PROJECT WILL BE SELF-MANAGED BY THE ASSOCIATION OF APARTMENT OWNERS Phone: (Business)
Name
Business Address

Attorney for Developer: COLIN L. LOVE Phone: (808) 329-2469
Name (Business)
POST OFFICE BOX 2072
Business Address
KAILUA-KONA, HI 96745

* 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. 2001-024075
 Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instrument [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 numbers, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3221
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instrument [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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2001-023076
 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>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	_____	<u>N/A</u>

* The percentages for individual condominiums 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:

During the sales period, the Developer has reserved the right to make changes to the project documents and the project as may be required by law, a title insurance company, an institutional lender or any governmental agency prior to the conveyance or transfers of the first apartment, for any reason and in any manner, as the developer deems necessary under the circumstances, provided that no such change shall substantially alter or reduce the usable space within the Buyer's Apartment, render unenforceable the Buyer's mortgage commitment, increase the Buyer's share of common expenses, or reduce the obligations of the Developer for common expense on unsold apartments.

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 87-2872C MAMALAOA HWY
CAPTAIN COOK, HI 96704

Tax Map Key: (TMK) (3RD) 8-7-013-074

Address TMK is expected to change because N/A

Land Area: 5.789 square feet acre(s) Zoning: A-5a

Fee Owner: LEE ROGERS
 CHRISTINE M. ZICK

 Name
 87-2872C MAMALAHOA HWY.

 Address
 CAPTAIN COOK, HI 96704

Lessor: _____
 Name N/A

 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building 1

Exhibit A contains further explanation.

3. Principal Construction Materials:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted Use by Zoning:

	No of Apts.	Use Permitted By Zoning	
<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"/> 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: As provided in Paragraph 8.4(m) and (n) of the bylaws

Number of Occupants: _____

Other: Except for vehicles belonging to guests, the owners/tenants of the apartments shall keep or park no more than two motor vehicles on the property at any one time. They shall not keep or allow any junked or abandoned vehicle or vessel on the property. The property shall not be used as a location for the repair of any vehicle or vessel if such repair includes painting other than minor touch-up, or the removal and rebuilding of any of a vehicle's or vessel's major parts other than as may be related to minor tune-ups and adjustments. If a vessel is kept on the property it shall be kept in the carport if one is available. The property shall not be used for the outdoor cleaning of any large fish or the slaughtering or outdoor cooking of any whole animals. The property shall not be used for dog kennels, or chicken or pig farming.

There are no special use restrictions.

6. Interior (fill in appropriate numbers)

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (SF)</u>	<u>(Identify)</u>
A	1	1/1	544	288/144	LANAI/DECK
B	1	1/2	1,853	576/386	LANAI/DECK

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 includes, but is not limited to, the exterior finished surfaces of all walls, the doors and door frames, windows and window frames along the perimeters, the air space within the perimeter, and all fixtures originally installed in the apartment. The apartments include the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floor and ceilings surrounding each apartment and any pipes, shafts, wires, conduits or other utility or service lines running through or servicing only that apartment, which are utilized for or serve more than one apartment. An apartment does not include any pipes, shafts, wires, conduits or other utility or service lines running through or servicing an apartment which are utilized for or serve more than one apartment.

Permitted Alterations to Apartments:

Alterations or additions within an apartment may be made without prior written notice to or the approval of the Board of Directors. If an apartment is changed in any material way it will be necessary to file an Amended Declaration of Condominium Property Regime and submit amended Condominium File Plan, and amended elevations and floor plans for the modified apartment. The signature of all apartment owners will be required for the Amended Declaration of Condominium Property Regime.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a) Developer has N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 5

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned Apt. "A"	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2</u>
Assigned Apt. "B"	<u>3</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>3</u>
Guest:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>5</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>5</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit "B" 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 Courts Trash Chutes

Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations:

There are no violations. Violations will not be cured.

Violations and costs to cure are listed below. Violations will be cured by _____ (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical

Installations (For conversions of residential apartments in existence for at least five years): According to a report by Hamlet C. Bennett, and independent Hawaii Architect, dated December 19, 2001. all of the structural components, mechanical and electrical installations material to the use and enjoyment of the project are in good condition consistent with the age of the improvements.

11. Conformance to Present Zoning Code:

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	x	_____	_____
Structures	x	_____	_____
Lot	x	_____	_____

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

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

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

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

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

described in Exhibit C_____

as follows:

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

There are no limited common elements in this project:

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

described in Exhibit C .

as follows:

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

described in Exhibit _____

as follows:

Apartment "A" : Fifty Percent (50%)
Apartment "B" : Fifty Percent (50%)

Each apartment has an equal undivided fractional interest in all of the common elements. The common interests are equal and not related to or determined by the size of the apartments.

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

Exhibit "D " describes the encumbrances against the title contained in the title report dated March 4, 2003 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 Conversion</u>
First Mortgage	If Developer defaults or the mortgage lien is foreclosed prior to conveyance to Buyer, Buyer's contract to purchase will be terminated and all of Buyer's funds will be refunded to Buyer, less escrow cancellation fees. However, should Buyer's deposit be used by the Developer prior to a foreclosure of the mortgage and prior to conveyance to Buyer, Buyer may not be able to recover the deposited moneys

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:

The Owner/Developer makes no warranties itself and the Owner/Developer is not aware of any warranties from any general contractor, subcontractor or materials supplier that are in existence. The Owner/Developer will assign to the purchasers apartments such warranties as may exist, if any, and the Owner/Developer will cooperate with each apartment owner during the effective period of any warranty, if any, in asserting any claims.

2. Appliances:

None

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

All construction on Apartment "A" was completed during the year 1988

All construction on Ohana Apartment "B" was completed during the year 1990

H. **Project Phase:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners other _____

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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 "E" 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 ____"F"____ contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated ____March 26, 2001____
Exhibit ____"G"____ contains a summary of the pertinent provisions of the escrow agreement.
- Other ____Specimen 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** 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 Changes 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.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer 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 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. 5083 filed with the Real Estate Commission on April 25, 2003.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

Disclosure regarding selection of Real Estate Broker

The Developer does not presently intend to use a real estate broker for the sale of apartments in the 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 report abstract to the purchaser together with a copy of this public

This project was constructed without access to a public water supply. The drinking water for the project comes from catchment. A catchment system consists of water caught of the roofs of structures and piped into holding tanks. There are no plans to connect this project to a public water supply.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that his 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 (SLA 2000) [Section 514A-4.6] The developer is required to make this declaration for issuance of an effective date for a final 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.

LEE ROGERS AND CHRISTINE M. ZICK

Printed Name of Developer,

By: *Lee Rogers*
Duly Authorized Signatory*

3-3-2001
Date

Chris Zick

3/3/2001

LEE ROGERS AND CHRISTINE M. ZICK, FEE OWNERS AND DEVELOPERS

Print 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***

EXHIBIT "A"
DESCRIPTION OF BUILDINGS AND APARTMENTS

There are two (2) Buildings.

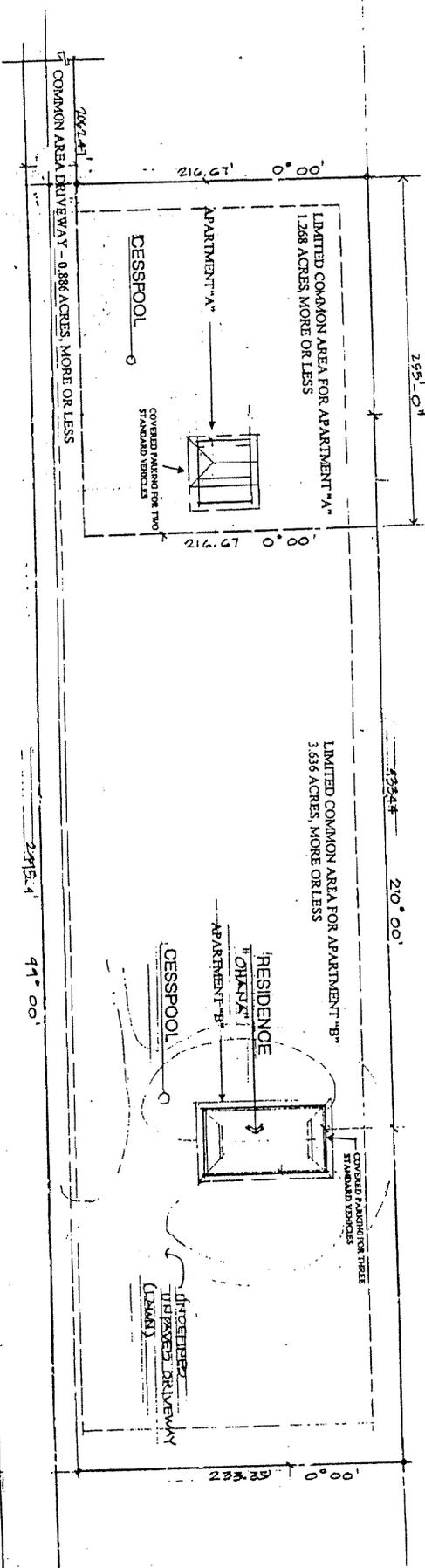
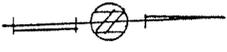
<u>Description of Buildings</u>	<u>Building "A"</u>	<u>Building "B"</u>
Number of stories	1	1
Number of basements	0	0
Number of apartments	1	1
Approximate age of building	12 years	10 years
Principal materials of construction	wood	wood
<u>Description of Apartments</u>	<u>Apartment "A"</u>	<u>Apartment "B"</u>
Apartment number	A	B
Location of apartment	Building "A"	Building "B"
Living area of apartment (Approx.)	544 sq. ft.	1,853 sq. ft.
Number of bedrooms	1	1
Number of bathrooms	1	2
Number of lanais or patios	1-lanai, 1-deck	1-lanai, 1-deck
Area of lanais or patios	288 sq. ft./144 sq. ft.	576 sq. ft./386 sq. ft.
Description of rooms in the apartment	1-bedroom, 1-bath, 1-kitchen, 1-dining room, 1-living room, 1-laundry and car port,	1-bedroom, 2-bath, 1-dining room, 1 living room, 1-kitchen, 1-den, 1-laundry, and a car port
Immediate common element to which the apartment has access	The Limited Common elements surrounding the apartment and Common Element "C" shown on the Condominium Plan.	The Limited Common elements surrounding the apartment and Common Element "C" shown on the Condominium Plan.
Number of parking stalls that are part of the Limited Common Area for each apartment	2 covered	3 covered
Percentage of undivided interest in Common Elements	50%	50%
Other data necessary for proper identification of the apartment	This apartment is at the front of the parcel, and is the original dwelling	This apartment is at the back of the parcel, and is the Ohana or second farm dwelling

Net living area of enclosed portions of apartments are measured from interior surfaces of apartment perimeter walls. Lanai or patio areas considered as part of the apartment are computed and reported separately from the apartment area.

NOTE:

FLOOR AREAS ARE APPROXIMATELY ONLY. THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT, LANAI OR PATIO.

SITE PLAN



SPECIAL ATTENTION

The heavy dashed line which appears on the Project Plot Plan between Apartment "A" and Apartment "B" is for illustrative purposes only, and DO NOT represent legally subdivided lots. They are intended only to show the Limited Common Area appurtenant to each apartment.

PROJECT PLOT PLAN
KOLO FARMS
 CONDOMINIUM PROJECT
 SHOWING APARTMENTS "A" AND "B" THAT LEASE PARTS OF LAND BEING LOT 3-C OF THE "KOLO SUBDIVISION" SITUATED AT THE DISTRICT OF SOUTH KOHA, COUNTY, ISLAND OF HAWAII
 LEE ROGERS AND CHRISTINE LEE ROGERS AND DEVELOPERS
 TRK (7) 17-01-074



CONDOMINIUM FILE PLAN NO. _____

EXHIBIT "B"
 PARKING PLAN

EXHIBIT "C"

DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

All of the property is Fee Simple.

In the various documents relating to this project, the term "Common Element" means the same thing as the term "Common Area", and the term "Limited Common Element" means the same thing as "Limited Common Area".

Common Elements are those portions of the condominium project other than the individual apartments. Common Elements are owned jointly by all apartment owners. The owners of each apartment own an undivided one-half (1/2) interest (undivided 50% interest) in all of the Common Elements for all purposes, including voting. This means that the ownership **does not** depend on the size of an apartment or the use to which an apartment is put. The Common Elements include the land upon which the project is located, in fee simple, and all other portions of the project, other than the Apartments, including, specifically, but not limited to, the Common Elements mentioned in the Act that are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety or normally in common use and which are not included as part of an apartment, including but not limited to following:

- (a) The land in fee simple;
- (b) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project, if any, which serve more than one (1) apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
- (c) The roof and all load bearing perimeter walls that serve more than one apartment, if any;
- (d) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.
- (e) The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act.
- (f) Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium Apartment(s) which are filed of record.
- (g) All the rights, benefits and privileges, if any, inuring to the land or to the Condominium from all easements shown on the File Plan or listed in Exhibit "A", or acquired subsequent to the creation of those documents.
- (h) Any and all other portions of the land and improvements that are not specifically designated for use by one or more specific Apartments, but which are intended for common use, including any directory facilities that may be established, and all other apparatus and installations the use of which exists for, is rationally allocated to or is necessary to the existence, upkeep and safety of more than one Apartment of the Condominium Project or which may otherwise be of common use.
- (i) Common Element "C" shown on the Condominium File. It serves as a driveway for both apartments and contains 0.886 acres.

Unless clearly repugnant to the context thereof, the term "Common Elements" also means and includes the limited common elements hereinafter described.

Limited Common Elements are those portions of the Common Elements which are reserved for the exclusive use of the owners of certain apartments. They are often referred to as Limited Common Area.

Limited Common Elements for Apartment "A". The Limited Common Elements for Apartment A are the approximately 1.268 Acres of land appurtenant to Apartment "A". The land appurtenant to Apartment "A" is indicated by a dashed line on the Condominium File Plan. The dashed line, metes and bounds, courses and distances, and statement of a land area on Condominium File Plan **do not** indicate that the land has been subdivided. They only define the Limited Common Area for Apartment "A".

Limited Common Elements for Apartment "B". The Limited Common Elements for Apartment "B" are the approximately 3.635 Acres appurtenant to Apartment "B". The land appurtenant to Apartment "B" is indicated by a dashed line on the Condominium File Plan. The dashed line, metes and bounds, courses and distances, and statement of a land area on the Condominium File Plan **do not** indicate that the land has been subdivided. They only define the Limited Common Area for Apartment "B".

Each apartment has an equal undivided one-half (1/2) interest (undivided 50% interest) in all of the common elements for all purposes, including voting.

EXHIBIT "D"
ENCUMBRANCE AGAINST TITLE

1. Real Property Tax due and owing. Check with the County of Hawaii Department of Finance for Real Property Tax due and owing.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : AGREEMENT

DATED : December 3, 1986
RECORDED : Liber 21737 Page 67
PARTIES : TAMIO WALTI IWADO and JEANNETTE WALTI IWADO, husband and wife, RICHARD C. BERGMAN and LINDA, C. BERGMAN, husband and wife, STEPHEN M. NIMZ, unmarried, OLIVE L. VANSELOW, unmarried, PHILLIP J. JEDLINSKY and JOAN C. S. JEDLINSKY, husband and wife, and JAMES R. JUDGE and JOAN M. JUDGE, husband and wife, and the DEPARTMENT OF WATER SUPPLY, COUNTY OF HAWAII

4. "The obligation to maintain Roadway Lot 3-E with the owners of Lots 3-A, 3-B and 3-C and to pay the Buyer's pro rate share (herein agreed to be one-fourth (1/4th) of the maintenance of Roadway Lot 3-E.", as set forth in instrument dated May 12, 1989, recorded in Liber 23243 at Page 750.

5. -AS TO PARCEL SECOND:

Rights of others who may own undivided interest(s), or have easement or access rights, in said parcel.

6. MORTGAGE

LOAN/ACCOUNT NO. 37272

MORTGAGOR : LEE ROY ROGERS, also known as LEE ROGERS, unmarried, and CHRISTINE M. ZICK, unmarried

MORTGAGEE : HAWAII COMMUNITY FEDERAL CREDIT UNION, a duly authorized cooperative association

DATED : November 10, 1997
RECORDED : Document No. 97-159107
AMOUNT : \$110,000.00

7. 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 "KOLO FARMS" CONDOMINIUM PROJECT
DATED : December 22, 2000
RECORDED : Document No. 2001-024075
MAP : 3221 and any amendments thereto

8. 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 22, 2000
RECORDED : Document No. 2001-024076

END EXHIBIT "D"

EXHIBIT "E"

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

Estimate of Initial Maintenance Fees

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
A	\$40.00	\$480.00
B	\$40.00	\$480.00

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

EXHIBIT "E" (Cont.)

Estimate of Monthly Fee Disbursements

Utilities and Service	<u>Monthly Fee x 12 months = Yearly Total</u>	
Air Conditioning (Service)	0	0
Electricity	0	0
[] common elements only	0	0
[] common element and apartments	0	0
Elevator	0	0
Gas	0	0
Refuse Collection	0	0
Telephone	0	0
Water and Sewer	0	0
Maintenance, Repairs and Supplies		
Building	0	0
Grounds (Common area roadway)	\$80.00	\$960.00
Management		
Management Fee (bookkeeping)		
Payroll Office		
Insurance Reserve (*)		
Taxes and Audit Fees		
Other		
TOTAL	\$80.00	\$960.00

Developer discloses that no reserve study was done in accordance with Section 514A-83.6 HRS and replacement reserve rules, Subchapter 6 Title 16, Chapter 107 Hawaii Administrative Rules as amended because it will not be necessary to replace the common area roadway, just maintain it.

I, LEE ROGERS as agent for/and/or employed by LEE ROGERS and CHRISTINE M. ZICK the condominium managing agent/developer for the KOLO FARMS condominium project hereby certify that the above estimate of initial maintenance fee assessment and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles



 Signature

12-22-2000

 Date

(*)Mandatory reserve 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 "Reserve", the Developer has conducted a reserve study in accordance with §514A-836, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514-A-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 meeting

End Exhibit "E"

EXHIBIT "F"

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

The Deposit, Receipt and Sales Contract contains the price and other terms and conditions under which a Purchaser will agree to buy an apartment in the project. Among other things, the Deposit, Receipt and Sales Contract states:

1. The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

2. That the Purchaser acknowledges having received and read a final public report for the Project prior to signing the Deposit, Receipt and Sales Contract.

3. That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefits to be derived from the purchase of an apartment.

4. That the Purchaser's money will be held in escrow, under the terms of the Escrow Agreement. The Purchaser's money can only be disbursed by escrow if the sale is canceled by the Purchaser, if the sale closes according to the terms of the Deposit, Receipt and Sales Contract, if the Purchaser is in default, if the Purchaser dies or is dissolved, or if the Seller and the Purchaser agree otherwise in writing.

5. The Purchaser has a right to cancel the Deposit, Receipt and Sales Contract before the apartment has been transferred to him or at any time within thirty (30) days after delivery of the Public Report, whichever is earlier and to have all money paid into escrow refunded less any escrow cancellation fees and other costs, up to \$250, by giving notice to the Seller as provided by HRS § 514-62 (d), as amended.

6. If the Purchaser does not cancel the Deposit, Receipt and Sales Contract as provided in Paragraph 5, and more than thirty days have passed since the delivery of the Public Report to the Purchaser then the Deposit, Receipt and Sales Contract is binding on the Purchaser. If the Purchaser fails purchase the apartment after the Deposit, Receipt and Sales Contract becomes binding upon the Purchaser then the Purchaser will be in default. If the Purchaser is in default then the Seller will be entitled to cancel the Deposit, Receipt and Sales Contract and retain all money paid by Purchaser up to 20% of the sales price as liquidated damages.

7. If the Purchaser dies prior to closing, or in the case of a corporation or partnership, dissolves prior to closing, the Seller may return the Purchaser's payments, without interest and less Escrow cancellation fees and all costs incurred by the Seller, Escrow, or any lending institution in processing this Deposit, Receipt and Sales Contract or by loan application, and this Deposit, Receipt and Sales Contract will be deemed to have been canceled and both the Seller and the Purchaser (including the Purchaser's estate and legal representatives) shall be released from all obligations and liability under that agreement.

8. Requirements relating to the Purchaser's financing of the purchase of an apartment.

a. The Purchaser's offer is **not** contingent on the Purchaser obtaining financing or on the Purchaser's ability to pay.

b. In the event the Purchaser wishes to finance the purchase of the Apartment, the Purchaser is required to apply for financing within ten business days from the date the agreement to purchase becomes a binding contract. The Purchaser is required to use his best efforts to obtain

the mortgage loan in good faith; to execute and deliver all necessary documents and disclose all information; to pay any and all costs, charges and expenses in connection with the mortgage loan; to otherwise promptly and diligently comply with all requests of the mortgagee and/or the Seller to apply for, obtain and close the mortgage loan; and, where deemed necessary by the Seller, to make further applications for a mortgage loan.

c. The Purchaser may be required to pay a loan fee in order to get a loan.

d. The Seller has no obligation to arrange for the Purchaser's mortgage or other financing.

9. That the apartment and the Project will be subject to various legal documents which Purchaser should examine, and that the Developer may change these documents under certain conditions.

10. That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

11. That the Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price. The closing date will be set by the Seller, but it will not be sooner than sixty (60) days after the Deposit, Receipt and Sales Contract becomes binding.

12. On closing the Purchaser will be responsible for the payment of certain costs in addition to the purchase price. Typical closing costs for the Purchaser and the Seller include:

Item	Seller	Purchaser
Escrow fees	\$212.50	\$212.50
Recording		\$20 per document
Lien Check	\$20	\$20
Real Property Tax Check	\$2.00	
Documents	\$104 for a deed	\$135 for a purchase money mortgage
Hurricane Insurance Fund		.001 x the amount of any mortgage
Real Property Taxes & assessments	Prorated	Prorated
Conveyance tax	.001 x sale price	

The Deposit, Receipt and Sales Contract contain various other important provisions relating to the purchase of an apartment in the Project. It is incumbent upon Purchasers and prospective Purchasers to read with care the specimen Deposit, Receipt and Sales Contract on file with the Real Estate Commission.

EXHIBIT "G"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a Buyer makes pursuant to the Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

1. Escrow will let the Buyer know when payments are due.
2. Escrow will arrange for the Buyer to sign all necessary documents.

3. The Buyer will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract. Those circumstances include the following:

- a. If the Seller is not able to provide the Buyer with clear title at the time of closing;
- b. The Buyer has a right to cancel the Deposit, Receipt and Sales Contract before the apartment has been transferred to him or at any time within thirty (30) days after delivery of the Public Report, whichever is earlier and to have all money paid into escrow refunded less any escrow cancellation fees and other costs, up to \$250, by giving notice to the Seller as provided by HRS § 514-62 (d), as amended.

4. Subject to the conditions set forth below, the Buyer of a condominium unit under a sales contract shall be entitled to a refund of all payments made to date thereof, less such fee as hereinafter enumerated, if any, and without interest. Escrow agrees to make such refunds to Buyer out of funds then on deposit with Escrow, if Buyer shall so request in writing and any one of the following events shall have occurred.

- a. Escrow has received a written request from Developer to return to the buyer the funds of such buyer then held by Escrow; or
- b. Developer shall have notified Escrow of Developer's exercise to cancel or rescind the sales contract pursuant to any right of cancellation or recession provided therein or otherwise available to Developer; or
- c. With respect to a buyer whose funds were obtained prior to the issuance of the Final Public Report, the buyer has exercised his right to cancel the contract pursuant to § 514A-62, Hawaii Revised Statutes, as amended; or
- d. A buyer has exercised his right to rescind the contract pursuant to § 514A-63, Hawaii Revised Statutes, as amended; or
- e. If, in accordance with Part VI of Chapter 514A, Hawaii Revised Statutes, as amended:
 - i. No sales contract is offered to a buyer who was placed on the Developer's reservation list of owner-occupant applicants; or
 - ii. The buyer has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the developer is limited to selling to owner-occupants; or
 - iii. The buyer desires to cancel the contract on account of hardship circumstances such as those set forth in § 514A-104(1) Hawaii Revised Statutes, as amended; or
 - iv. The buyer indicates an intent not to become an owner-occupant of such unit.

5. The Escrow Agreement also establishes the procedures for the retention and/or disbursement of a Buyer's funds, and says what will happen to the funds upon a default under the Sales Contract.

a. Retention of Buyer's funds. The Escrow will retain the Buyer's funds until the escrow is ready to close. When the Escrow is ready to close, the Escrow will disburse the Buyer's funds according to the terms of the Escrow Agreement.

b. Disbursement of Buyer's funds. If for some reason the escrow cannot close, either because of the fault of the Seller or the Buyer, then the Escrow will disburse the Buyer's funds, less escrow costs and fees of up to \$250.00, as follows:

- (a) To the Buyer if the Buyer is entitled to a refund;
- (b) To the Seller if the Buyer is in default (see below); or
- (c) In accordance with any subsequent agreement signed by both the Seller and

the Buyer.

6. Indemnification of Escrow. In the Sales Contract the Seller and the Buyer agree that they will be jointly and severally liable to Escrow for all losses, costs, damages or money owed, including reasonable attorneys' fees, that Escrow must pay as a result of this Sales Contract. If Escrow has the right to collect these amounts from any other person, then that right shall belong to the Seller after the Seller pays Escrow. However, neither the Seller nor the Buyer has to pay to Escrow any losses, costs, damages, money owned or attorneys' fees if Escrow has done something wrong or doesn't do something it is supposed to do and that act or failure to act is not reasonable or responsible.

The Escrow Agreement contains various other important provisions and establishes certain charges with which a Buyer should be familiar, It is incumbent upon Buyers and prospective Buyers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

ORIGINAL

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII

88- 37267

NOV 17 PM 1:31

21737 67

RECORDATION REQUESTED BY:

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII

AFTER RECORDATION, RETURN TO:

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII
25 AUPUNI STREET
HILO, HI 96720

RETURN BY: MAIL () PICKUP ()

AGREEMENT

THIS AGREEMENT, made this 3rd day of December, 19 86, pursuant to Rule 4, Section 4-13, of the Rules and Regulations of the Department of Water Supply, between the DEPARTMENT OF WATER SUPPLY, COUNTY OF HAWAII, whose principal place of business and mailing address is Hawaii County Building, 25 Aupuni Street, Hilo, County of Hawaii, State of Hawaii, hereinafter called the DEPARTMENT, and TAMIO WALTI IWADO and JEANNETTE WALTI IWADO, husband and wife, whose mailing address is c/o 2145 Wells Street, Suite 302B, Wailuku, Maui, Hawaii, 96793, RICHARD L. BERGMAN and LINDA C. BERGMAN, husband and wife, whose mailing address is 8311 Cypress Lane, Eden Prairie, Minnesota, 55344, STEPHEN M. NIMZ, unmarried, whose mailing address is Post Office Box 10026, Honolulu, Hawaii, 96816, OLIVE L. VANSELOW, unmarried, whose mailing address is Post Office Box 10026, Honolulu, Hawaii, 96816, PHILLIP J. JEDLINSKY and JOAN C. S. JEDLINSKY, husband and wife, whose mailing address is 6049 Fox Hill

EXHIBIT "H"

Drive, Longmont Colorado, 80501, and JAMES R. JUDGE and JOAN M. JUDGE, husband and wife, whose mailing address is 120 Akea Place, Kula, Maui, Hawaii, 96790, hereinafter collectively called the OWNER, for themselves, and on behalf of their heirs, successors, executors, administrators and assigns and each of them.

W I T N E S S E T H :

WHEREAS, the OWNER desires to subdivide the following parcel of land, Tax Map Key III 8-7-13:35, more particularly described herein on Exhibit "A", into four (4) lots, pursuant to the waiver or relief provisions of Rule 4, Section 4-13, of the Rules and Regulations of the DEPARTMENT; the lots being more particularly described in Exhibit "B" attached hereto and made a part hereof;

NOW, THEREFORE, in consideration of the DEPARTMENT granting a waiver or relief pursuant to Rule 4, Section 4-13, of the Rules and Regulations of the DEPARTMENT, OWNER agrees as follows:

1. The OWNER agrees and accepts the fact that public water is not now or in the foreseeable future available to service this subdivision.

2. The OWNER agrees and accepts the fact that the DEPARTMENT will not at any time bear the responsibility of supply public water to this subdivision.

3. The DEPARTMENT will record this Agreement at the Bureau of Conveyances of the State of Hawaii at the cost and expense of the OWNER and a recorded copy of this Agreement will be returned to the OWNER after the recordation.

4. In the event that there are any amendments or changes to the subdivision after this Agreement is signed, the OWNER agrees to be responsible for informing the DEPARTMENT of the amendments or changes so that the Agreement can reflect the amendments or changes.

5. This Agreement shall be considered as a condition and covenant running with the parcel of land described above and all of the subdivided lots and shall be binding upon the OWNER referred to hereinabove and all OWNERS of the parcel of land or any of its subdivided lots, their heirs, executors, administrators, successors, and assigns.

6. This Agreement shall be incorporated by reference as an exhibit and made a part of each agreement of sale, deed, lease, mortgage, or other similar documents affecting the title or ownership of each subdivided lot.

7. The terms OWNER and OWNERS, as and when used herein, or any pronouns used in place thereof, shall mean and include the masculine or feminine, the singular or plural number, individuals or corporations, and their and each of their respective successors, heirs, personal representatives and assigns, according to the context thereof. If this

AGREEMENT DATED 3rd day of December 19 86,
between the Department of Water Supply, County of Hawaii
as DEPARTMENT and Tamio Walti Iwado, Jeannette Walti Iwado,
Richard L. Bergman, Linda C. Bergman, Stephen M. Nimz,
Olive L. Vanselow, Phillip J. Jedlinsky, Joan C. S. Jedlinsky,
James R. Judge and Joan M. Judge as OWNER

Olive L. Vanselow

OLIVE L. VANSELOW

Phillip J. Jedlinsky

PHILLIP J. JEDLINSKY

Joan C. S. Jedlinsky

JOAN C. S. JEDLINSKY

James R. Judge

JAMES R. JUDGE

Joan M. Judge

JOAN M. JUDGE

OWNER

APPROVED AS TO FORM AND LEGALITY:

Dina L. L...

DEPUTY Corporation Counsel
County of Hawaii

Date: NOV 25 1986

STATE OF HAWAII)
COUNTY OF HAWAII) SS:

21737 72

On this 3rd day of December, 19 86, before me appeared H. WILLIAM SEWAKE, to me personally known, who, being by me duly sworn, did say that he is the Manager of the Department of Water Supply of the County of Hawaii, and that the seal affixed to the foregoing instrument is the seal of said Department and that the instrument was signed and sealed in behalf of said agency by authority of the Water Commission of the County of Hawaii, and said H. WILLIAM SEWAKE acknowledged the instrument to be the free act and deed of said Commission.

L.S.

Wendy S. E. Takahara
Notary Public
State of Hawaii

My commission expires: 7/7/89

agreement is or shall be signed by two or more owners, all covenants of such parties shall for all purposes be joint and several.

8. If any of these conditions are not complied with, the waiver or relief granted by the DEPARTMENT shall be null and void.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

DEPARTMENT OF WATER SUPPLY
COUNTY OF HAWAII

By W. William Sewak
Its Manager

DEPARTMENT

Tamio Walti Iwado
TAMIO WALT I WADO

Jeanette Walti Iwado
JEANNETTE WALT I WADO

Richard L. Bergman
RICHARD L. BERGMAN

Linda C. Bergman
LINDA C. BERGMAN

Stephen M. Nime
STEPHEN M. NIME

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this 18th day of October, 1984,
before me personally appeared TAMIO WALTI IWADO, to me known
to be the person described in and/or satisfactorily proved to
me to be the person described in and who executed the
foregoing instrument, and acknowledged that he executed the
same as his free act and deed.

Dean F. Onishi
Notary Public, State of Hawaii

My commission expires: SEP 17 1986

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this 18th day of October, 1984,
before me personally appeared JEANNETTE WALTI IWADO, to me
known to be the person described in and/or satisfactorily
proved to me to be the person described in and who executed
the foregoing instrument, and acknowledged that she executed
the same as her free act and deed.

Dean F. Onishi
Notary Public, State of Hawaii

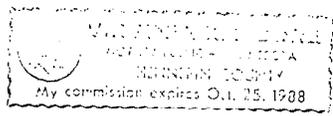
My commission expires: SEP 17 1988

STATE OF MINNESOTA)
COUNTY OF Hennepin) SS.

On this 7 day of November, 1984,
before me personally appeared RICHARD L. BERGMAN, to me known
to be the person described in and/or satisfactorily proved to
me to be the person described in and who executed the
foregoing instrument, and acknowledged that he executed the
same as his free act and deed.

Virginia G. Moore
Notary Public, State of Minnesota

My commission expires:

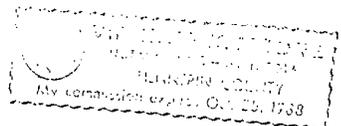


STATE OF MINNESOTA)
COUNTY OF Hennepin) SS.

On this 7 day of November, 1984,
before me personally appeared LINDA C. BERGMAN, to me known to
be the person described in and/or satisfactorily proved to me
to be the person described in and who executed the foregoing
instrument, and acknowledged that she executed the same as her
free act and deed.

Virginia G. Moore
Notary Public, State of Minnesota

My commission expires:



STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU) SS.

On this 24th day of October, 1984,
before me personally appeared STEPHEN M. NIMZ, to me known to
be the person described in and/or satisfactorily proved to me
to be the person described in and who executed the foregoing
instrument, and acknowledged that he executed the same as his
free act and deed.



Notary Public, State of Hawaii

My commission expires: 1/22/85

STATE OF HAWAII)
)
CITY AND COUNTY OF HONOLULU) SS.

On this 25th day of October, 1984,
before me personally appeared OLIVE L. VANSELOW, to me known
to be the person described in and/or satisfactorily proved to
me to be the person described in and who executed the
foregoing instrument, and acknowledged that she executed the
same as her free act and deed.



Notary Public, State of Hawaii

My commission expires: 1/22/85

STATE OF COLORADO)
)
COUNTY OF Weld) SS.

On this 14th day of December, 1984,
before me personally appeared PHILIP J. JEDLINSKY, to me known
to be the person described in and/or satisfactorily proved to
me to be the person described in and who executed the
foregoing instrument, and acknowledged that he executed the
same as his free act and deed.

Bonnie Kay Souder
Notary Public, State of Colorado
My commission expires: 1/30/87

STATE OF COLORADO)
)
COUNTY OF Weld) SS.

On this 14th day of December, 1984,
before me personally appeared JOAN C. S. JEDLINSKY, to me
known to be the person described in and/or satisfactorily
proved to me to be the person described in and who executed
the foregoing instrument, and acknowledged that she executed
the same as her free act and deed.

Bonnie Kay Souder
Notary Public, State of Colorado
My commission expires: 1/30/87

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this 16th day of October, 1984,
before me personally appeared JAMES R. JUDGE, to me known to
be the person described in and/or satisfactorily proved to me
to be the person described in and who executed the foregoing
instrument, and acknowledged that he executed the same as his
free act and deed.

Alan F. Quake
Notary Public, State of Hawaii

My commission expires: SEP 17 1988

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this 16th day of October, 1984,
before me personally appeared JOAN M. JUDGE, to me known to be
the person described in and/or satisfactorily proved to me to
be the person described in and who executed the foregoing
instrument, and acknowledged that she executed the same as her
free act and deed.

Alan F. Quake
Notary Public, State of Hawaii

My commission expires: SEP 17 1988

LOT 3

KOLO SUBDIVISION

Land Situated on the Easterly Side of Hawaii Belt Road
at Kolo, South Kona, Hawaii

Being Portions of Grant 2996 to Kaniua
and Grant 3607 to J.M. Monsarrat

Beginning at a pipe (found) at the Northwest corner of this piece of land, being also the Southwest corner of Lot 1-A of Kolo Subdivision and on the Easterly side of Hawaii Belt Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHOEHOE" being 14,750.00 feet South and 2,069.46 feet East and running by true azimuths measured clockwise from South:

- | | | | | |
|----|------|---------|---------------|--|
| 1. | 270° | 00' | 4,723.10 feet | along Lots 1-A and 2-A of Kolo Subdivision to a pipe (found); |
| 2. | 0° | 13' 35" | 250.00 feet | along State of Hawaii South Kona Forest Reserve to a pipe (found); |
| 3. | 90° | 00' | 4,821.61 feet | along Lot 4 of Kolo Subdivision to a pipe (found); |
| | | | | Thence along the Easterly side of Hawaii Belt Road on a curve to the right with a radius of 334.36 feet, the chord azimuth and distance being: |
| 4. | 209° | 10' 12" | 11.24 feet; | |
| 5. | 210° | 08' | 102.93 feet | along the Easterly side of Hawaii Belt Road; |

EXHIBIT A

1



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

CIVIL ENGINEERS • SURVEYORS

501 SUMNER STREET, SUITE 527
HONOLULU, HAWAII 96817-5031

Thence along the Easterly side of Hawaii Belt Road on a curve to the left with a radius of 312.54 feet, the chord azimuth and distance being:

- 6. 196° 28' 30" 147.65 feet;
- 7. 182° 49' 9.59 feet along the Easterly side of Hawaii Belt Road to the point of beginning and containing an area of 27.315 acres, more or less.

AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Description Prepared By:



Patrick M. Cummins
 PATRICK M. CUMMINS
 Registered Professional Surveyor
 Certificate No. 5078-S

Honolulu, Hawaii
October 27, 1986



LOT 3-A
KOLO SUBDIVISION

Land Situated on the Easterly Side of Hawaii Belt Road
at Kolo, South Kona, Hawaii

Being Portions of Grant 2996 to Kaniua
and Grant 3607 to J.M. Monsarrat

Being Also a Portion of Lot 3 of Kolo Subdivision

Beginning at a pipe (found) at the Northwest corner of this piece of land, being also the Southwest corner of Lot 1-A and on the Easterly side of Hawaii Belt Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHOEHOE" being 14,750.00 feet South and 2,069.46 feet East and running by true azimuths measured clockwise from South:

1. 270° 00' 1,068.03 feet along Lot 1-A to a pipe (set);
2. 00° 00' 200.00 feet along Lot 3-B to a pipe (set);
3. 90° 00' 1,082.25 feet along Lot 3-B and roadway Lot 3-E to a pipe (set);

Thence along roadway Lot 3-E on a curve to the right with a radius of 32.52 feet, the chord azimuth and distance being:

4. 150° 04' 56.36 feet to a pipe (set);

Thence along the Easterly side of Hawaii Belt Road on a curve to the left with a radius of 312.64 feet, the chord azimuth and distance being:

EXHIBIT B

1



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

CIVIL ENGINEERS • SURVEYORS

501 SUMNER STREET, SUITE 521
HONOLULU, HAWAII 96817-5031

- 5. 196° 28' 30" 147.65 feet to a pipe (set);
- 6. 182° 49' 9.59 feet to the point of beginning and containing and area of 5.000 acres, more or less; subject, however, to an easement further described as follows:

EASEMENT

For Planting Screen Purposes

Beginning at the Northwest corner of this easement, being also the point of beginning of the land hereinabove described, and running by true azimuths measured clockwise from South:

- 1. 270° 00' 10.01 feet along Lot 1-A of Kolo Subdivision;
- 2. 2° 49' 10.08 feet;
Thence on a curve to the right with a radius of 322.64 feet, the chord azimuth and distance being:
- 3. 16° 28' 30" 152.37 feet;
- 4. 30° 08' 23.46 feet;
Thence along Roadway Lot 3-E of Kolo Subdivision on a curve to the right with a radius of 32.52 feet, the chord azimuth and distance being:
- 5. 187° 02' 50" 25.50 feet;
Thence along the Easterly side of Hawaii Belt Road on a curve to the left, with a radius of 312.64 feet, the chord azimuth and distance being:



- 6. 196° 28' 30" 147.65 feet;
- 7. 182° 49' 9.59 feet along the Easterly side of Hawaii Belt Road to the point of beginning and containing an area of 1,778 square feet, more or less.

AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Description Prepared By:



Patrick M. Cummins
PATRICK M. CUMMINS
Registered Professional Surveyor
Certificate No. 5078-S

Honolulu, Hawaii
October 27, 1986



LOT 3-B
KOLO SUBDIVISION

Land Situated Approximately 85 Feet Easterly from Hawaii Belt Road
at Kolo, South Kona, Hawaii

Being Portions of Grant 2996 to Kaniua
and Grant 3607 to J.M. Monsarrat

Being Also a Portion of Lot 3 of Kolo Subdivision

Beginning at a pipe (set) at the Southwest corner of this piece of land, being also the Northwest corner of Lot 3-C and on the Easterly boundary of roadway Lot 3-E, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHOEHOE" being 14,966.67 feet South and 2,080.24 feet East, and running by true azimuths measured clockwise from South:

- | | | |
|----|----------|---|
| 1. | 180° 00' | 16.67 feet along roadway Lot 3-E to a pipe (set); |
| 2. | 270° 00' | 1,057.25 feet along Lot 3-A to a pipe (set); |
| 3. | 180° 00' | 200.00 feet along Lot 3-A to a pipe (set); |
| 4. | 270° 00' | 1,005.22 feet along Lot 1-A to a pipe (set); |
| 5. | 0° 00' | 216.67 feet along Lot 3-C to a pipe (set); |



6. 90° 00'

2,062.47 feet along Lot 3-C to the point of beginning and containing an area of 5.405 acres, more or less.

AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Description Prepared By:



Patrick M. Cummins
 PATRICK M. CUMMINS
 Registered Professional Surveyor
 Certificate No. 5078-S

Honolulu, Hawaii
June 25, 1986



LOT 3-C
KOLO SUBDIVISION

Land Situated Approximately 95 Feet Easterly from Hawaii Belt Road
at Kolo, South Kona, Hawaii

Being Portions of Grant 2996 to Kaniua
and Grant 3607 to J.M. Monsarrat

Being Also a Portion of Lot 3 of Kolo Subdivision

Beginning at a pipe (set) at the Northwest corner of this piece of land, being also the Southwest corner of Lot 3-B and on the Easterly boundary of roadway Lot 3-E, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHOEHOE" being 14,966.67 feet South and 2,080.24 feet East, and running by true azimuths measured clockwise from South:

- | | | |
|----|----------|---|
| 1. | 270° 00' | 2,062.47 feet along Lot 3-B to a pipe (set); |
| 2. | 180° 00' | 216.67 feet along Lot 3-B to a pipe (set); |
| 3. | 270° 00' | 933.44 feet along Lots 1-A and 2-A of Kolo Subdivision to a pipe (set); |
| 4. | 0° 00' | 233.33 feet along Lot 3-D to a pipe (set); |
| 5. | 90° 00' | 2,995.91 feet along Lot 3-D to a pipe (set); |



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

CIVIL ENGINEERS • SURVEYORS

501 SUMNER STREET, SUITE 521
HONOLULU, HAWAII 96817-5031

21737 86

6. 180° 00'

16.66 feet along roadway Lot 3-E to the point of beginning and containing an area of 5.789 acres, more or less.



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Description Prepared By:

Patrick M. Cummins
 PATRICK M. CUMMINS
 Registered Professional Surveyor
 Certificate No. 5078-S

Honolulu, Hawaii
June 25, 1986



21737 87

LOT 3-D

KOLO SUBDIVISION

Land Situated Approximately 105-Feet Easterly from Hawaii Belt Road
at Kolo, South Kona, Hawaii

Being Portions of Grant 2996 to Kaniua
and Grant 3607 to J.M. Monsarrat

Being Also a Portion of Lot 3 of Kolo Subdivision

Beginning at a pipe (set) at the Southwest corner of this piece of land, being also the Southeast corner of roadway Lot 3-E and on the boundary of Lot 4 of Kolo Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHOEHOE" being 15,000.00 feet South and 2,080.24 feet East and running by true azimuths measured clockwise from South:

- | | | | |
|----|------|---------|--|
| 1. | 180° | 00' | 16.67 feet along roadway Lot 3-E to a pipe (set); |
| 2. | 270° | 00' | 2,995.91 feet along Lot 3-C to a pipe (set); |
| 3. | 180° | 00' | 233.33 feet along Lot 3-C to a pipe (set); |
| 4. | 270° | 00' | 1,716.41 feet along Lot 2-A of Kolo Subdivision to a pipe (found); |
| 5. | 00° | 13' 35" | 250.00 feet along State of Hawaii South Kona Forest Reserve to a pipe (found); |



21737 88

6. 90° 00'

4,711.34 feet along Lot 4 of Kolo Subdivision to the point of beginning and containing an area of 10.994 acres, more or less.



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Description Prepared By:

Patrick M. Cummins
 PATRICK M. CUMMINS

Registered Professional Surveyor
Certificate No. 5078-S

Honolulu, Hawaii
June 25, 1986



ROADWAY LOT 3-E
KOLO SUBDIVISION

Land Situated on the Easterly Side of Hawaii Belt Road
at Kolo, South Kona, Hawaii

Being Portion of Grant 2996 to Kaniua
Being Also a Portion of Lot 3 of Kolo Subdivision

Beginning at a pipe (found) at the Southwest corner of this piece of land, being also the Northwest corner of Lot 4 and on the Easterly side of Hawaii Belt Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHOEHOE" being 15,000.00 feet South and 1,969.97 feet East and running by true azimuths measured clockwise from South:

Along the Easterly side of Hawaii Belt Road on a curve to the right with a radius of 334.36 feet; the chord azimuth and distance being:

- | | | | | |
|--|------|-----|-----|--|
| 1. | 209° | 10' | 12" | 11.24 feet to a pipe (set); |
| 2. | 210° | 08' | | 102.93 feet along the Easterly side of Hawaii Belt Road to a pipe (set); |
| Thence along Lot 3-A on a curve to the left with a radius of 32.52 feet, the chord azimuth and distance being: | | | | |
| 3. | 330° | 04' | | 56.36 feet to a pipe (set); |
| 4. | 270° | 00' | | 25.00 feet along Lot 3-A to a pipe (set); |
| 5. | 00° | 00' | | 50.00 feet along Lots 3-B, 3-C and 3-D to a pipe (set); |



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

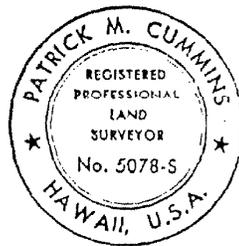
CIVIL ENGINEERS • SURVEYORS

501 SUMNER STREET, SUITE 521
HONOLULU, HAWAII 96817-5031

21737 90

6. 90° 00'

110.27 feet along Lot 4 to the point of beginning and containing an area of 0.127 acre or 5,526 square feet, more or less.



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Description Prepared By:

Patrick M. Cummins
PATRICK M. CUMMINS
Registered Professional Surveyor
Certificate No. 5078-S

Honolulu, Hawaii
June 25, 1986



Harry Kim
Mayor



Christopher J. Yuen
Director

Roy R. Takemoto
Deputy Director

County of Hawaii

PLANNING DEPARTMENT

101 Pauahi Street, Suite 3 • Hilo, Hawaii 96720-3043
(808) 961-8288 • Fax (808) 961-8742

November 22, 2002

Colin L. Love, Esq.
P.O. Box 2072
Kailua-Kona, Hawaii 96745

Dear Mr. Love:

Condominium Registration

Project: Kolo Farms Condominium Project

Tax Map Key: (3) 8-7-013:074

This is in response to your letter of October 29, 2002, in which you requested a written verification of the following:

1. That the existing buildings on the property were constructed in compliance with all zoning and building ordinances and codes applicable to said buildings;
2. That no variances were granted to achieve compliance with zoning and building ordinances and codes; and
3. Whether or not the property contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Enclosed with your letter we received a copy of the recorded Declaration of Condominium Property Regime document recorded as Document No. 2001-024075 by the State of Hawaii Bureau of Conveyances on February 22, 2001. Our response is based on our careful review of the County records available to this office and the CPR documents provided to this office on February 22, 2001.

EXHIBIT "I"

With regard to your inquiry we have the following to offer.

1. The subject 5.789-acre parcel is zoned Agricultural (A-5a) by the County and is situated within the State Land Use (SLU) Agricultural district. This lot was created by subdivision (SUB 5616) on February 10, 1988.
2. According to records available to this office, the following structures and building permits (BP) are noted:
 - a) BP #89569 was issued on June 7, 1989 to construct a new 1-bedroom, 1-bath dwelling with a deck and detached tank shed only on Lot 3C of TMK 8-7-013:035. The water tank was to be separately permitted. This permit was closed due to final inspection recorded on July 25, 1990.
 - b) BP # 896270 was issued on September 8, 1989 to construct 6' high x 17.5' diameter steel water tank on TMK 8-7-013:035 for the same applicant as BP #89569. This permit was closed due to final inspection recorded on July 25, 1990.
 - c) BP #896271 was issued on September 8, 1989 to construct a 598-square foot carport addition to the existing dwelling. This permit was closed due to final inspection recorded on July 25, 1990.
 - d) BP #925032 was issued on January 10, 1992 to build a new 1-bedroom/2-bath ohana dwelling containing 1,920 square feet. This permit was closed due to final inspection recorded on April 13, 1993.
3. An Ohana Dwelling Unit Permit (OHD 2510) was approved on December 4, 1991.
4. Variance Permit No. 170 was approved on April 5, 1984 to allow the creation of a 4-lot subdivision (SUB 5616) with minimum building site average widths of 200 feet in lieu of the minimum building site average width of 280 feet as required in the Unplanned (U) zoned district.
5. An Agreement was recorded (Document No. 88-37267) on March 17, 1988 between the Department of Water Supply, County of Hawaii, and the owners of the subject property having to do with availability of public water in connection with subdivision (SUB 5616) of TMK 8-7-013:035.

6. We have no information that the property contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.
7. Pursuant to §23A-20(a)(1), Ordinance 02-111, the subject CPR project is in compliance with the Hawaii County Subdivision Code.
8. Except for the first dwelling on a lot created prior to June 4, 1976, Chapter 205, Hawaii Revised Statutes (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 Chapter 205, HRS.
9. 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.

Colin L. Love, Esq.
Page 4
November 22, 2002

Should you have questions, please do not hesitate to contact Larry Brown of my staff at 961-8288.

Sincerely,

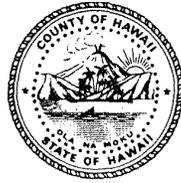


CHRISTOPHER J. YUEN
Planning Director

LMB:pak
\\COH02\public\WPWIN60\Larry\CPR\Love 8-7-13-74 CL.doc

cc: Planning Dept. – Kona
Mr. Mike McCall – Real Property Tax
Department of Water Supply – Planning & Resources Branch

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

May 14, 2001

Colin L. Love, Esq.
P.O. Box 2072
Kailua-Kona, Hawaii 96745

Dear Mr. Love:

Condominium Registration

Project: Kolo Farms

Tax Map Key: (3) 8-7-013:074

We are in receipt of your letter, dated May 4, 2001, in which you requested the following:

1. A verified statement signed by an appropriate county official that the project is in compliance with all zoning and building ordinances and codes; or
2. A verified statement signed by an appropriate county official of whether any variance has been granted from any ordinance and code to achieve such compliance; or
3. A verified statement signed by an appropriate county official of whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinance or code.

Your transmittal memo dated April 19, 2001, containing the Notice of Intention and the Questionnaire, Condominium File Plan, and Draft of the Public Report for the referenced condominium project preceded the above-referenced letter.

We regret that we cannot certify that the proposed condominium complies with applicable laws administered by the County Planning Department. The proposed condominium is not consistent with the underlying zoning for the property.

EXHIBIT "A" TO EXHIBIT "I"

Colin L. Love, Esq.
Page 2
May 14, 2001

Act 251, SLH 2000, added the following amendment to the condominium law:

Any condominium property regime established under this chapter shall conform to the existing underlying county zoning for the property and all applicable county permitting requirements adopted by the county in which the property is located, including any supplemental rules adopted by the county, pursuant to §514A-45, to ensure the conformance of condominium property regimes to the purposes and provisions of county zoning and development ordinances and chapter 205. In the case of a property which includes one or more existing structures being converted to condominium status, the condominium property regime shall comply with §514A-11(13) or §514A-40(b).

Act 251 also provided that each condominium report should contain:

A declaration subject to the penalties set forth in §514A-49(b) that the 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 §514A.

We have reviewed your Notice of Intention, Questionnaire, Condominium Map, and draft Final Public Report.

Your documents describe "limited common elements" as "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 documents then divide the property so that a designated land area (1.268 acres) is deemed a limited common element appurtenant to and for the exclusive use of Apartment A, and another designated land area (3.636 acres) is deemed a limited common element appurtenant to and for the exclusive use of Apartment B. Thus, the entire parcel consists of "limited common elements". Your documents also contain a sample sales contract, and it is evident that the owner intends to convey one or both units.

The underlying county zoning of the subject property is Agricultural (A-5a); meaning that it should have a minimum building site of not less than five (5) acres.

The proposed condominium project is not in compliance with the county zoning code because you are attempting to create and convey parcels that are smaller than the minimum lot and building site size in the zoning district.

Colin L. Love, Esq.

Page 3

May 14, 2001

We draw your attention to the following county zoning and development ordinances and permitting requirements applicable to the proposed condominium project:

From the County Zoning Code: §25-3-5(e):

“Any yard or building site existing as of September 11, 1996 shall not be reduced in dimension or area below the minimum requirements set forth in this chapter. Any yard or building site created after May 24, 1967, shall meet at least the minimum requirements established by this chapter.” The code defines “building site” as “a parcel of land which is occupied or is to be occupied by a principal use and accessory uses or a building or group of buildings, and includes a lot and a plot.” “Lot” is defined in the zoning code as “a building site or a parcel of land shown as a unit on an approved subdivision map, or a survey map.”

We further note that §25-4-32 provides that “a building site may not be reduced below the established zoning district minimum building site area.” Your documents do not permit the owner of Apartment A or Apartment B to control sufficient land to constitute a legal building site.

From the County Subdivision Code:

§23-3(a)(16)(A): “ ‘Lot’ means a parcel of land intended as a unit for transfer of ownership or for development”.

§23-3(a)(30): “ ‘Subdivided land’ means improved or unimproved land or lands divided into two or more lots, parcels, sites or other divisions of land for the purpose, whether immediate or future, of sale, lease, rental, transfer of title to or interest in, any or all such parcels, includes re-subdivision, and when appropriate to the context, relates to the process of subdividing of the land or territory subdivided”.

§23-3(a)(31): “ ‘Subdivider’ means a person or any combination of persons who cause land to be divided into a subdivision.”

§23-2: “All subdivision plats and all streets or ways within the County created for the purpose of partitioning land shall be approved by the director in accordance with this chapter.”

Colin L. Love, Esq.

Page 4

May 14, 2001

§23-76: "No conveyance of land prior to approval for recordation. Land shall not be offered for sale, lease or rent in any subdivision, nor shall options or agreements for the purchase, sale, leasing or rental of the land be made until approval for recordation of the final plat is granted by the director."

§23-33: "Minimum lot sizes. The minimum sizes of various types of lots shall be in conformance with the provision of chapter 25, Zoning Code..."

From your documents, it appears that you are attempting to create "a parcel of land intended as a unit for transfer of ownership or development", but do not have an approved subdivision. If we are mistaken in believing that the intent of the limited common elements is to create a parcel of land intended as a unit for transfer of ownership, please submit contrary evidence. Although your map states that it is not meant to create a legally subdivided lot, we feel that for all practical purposes what is being attempted here is the creation of a lot as defined in the subdivision and zoning codes, without compliance with those codes. In particular, you are attempting to create a lot for resale that is smaller than that allowed in the zoning district.

Our records indicate that there are two structures on the subject parcel and building permits (BP) for the following have been issued:

1. BP #895698 was issued on June 7, 1989 to build a new 1-bedroom/1-bath dwelling containing 576 sq. ft. We have no record as to the status of this permit.
2. BP #925032 was issued on January 10, 1992 to build a new 1-bedroom/2-bath ohana dwelling containing 1,920 sq. ft. This permit was closed due to final inspection recorded on April 13, 1993.

No variance has been granted from any ordinance or code for the subject property.

This letter may differ from that sent in the past for other condominium projects. This new approach results from an evaluation of Act 251 in connection with condominium projects on agriculturally zoned land.

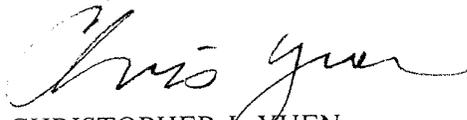
Colin L. Love, Esq.

Page 5

May 14, 2001

If you have any questions regarding this matter, please feel welcome to call Larry Brown of my staff at 961-8288.

Sincerely,



CHRISTOPHER L. YUEN
Planning Director

LMB:cps

P:\WPWIN60\Larry\CPR\Love 8-7-13-74 den.doc

cc: Mr. Mike McCall - RPT
Mr. Milton Pavao, Manager - DWS
State of Hawaii - Real Estate Commission
Planning Department - West Hawaii Office