

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer THE YOKOYAMA LIMITED PARTNERSHIP, a Hawaii limited partnership and YOKOYAMA-McDONALD CORP., a Hawaii corporation
Address 126 S. Kuakini Street, #3, Honolulu, Hawaii 96813

Project Name(\*): YOKOYAMA-McDONALD FARMS
Address 82-6080 and 82-6080A Road D, Waipunaula, Kona, Hawaii

Registration No. 5105 (conversion) Effective date: June 30, 2003
Expiration date: July 30, 2004

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other governmental 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: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

SUPPLEMENTARY: This report updates information contained in the:
[] 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 expire on

(\*) Exactly as named in the Declaration

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - disclosure covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL NOTICE:**

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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### **General Information on Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. The 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 of 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 spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: THE YOKOYAMA LIMITED PARTNERSHIP Phone: (808) 523-1035  
YOKOYAMA-McDONALD CORP.  
Name  
127 S. Kuakini Street, #3  
Business Address  
Honolulu, Hawaii 96813

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

JEAN K. YOKOYAMA is General Partner of The Yokoyama Limited Partnership and also President of Yokoyama-McDonald Corp.

Real Estate Broker: None Selected. See page 20 Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Escrow: Island Title Corporation Phone: (808) 531-0261  
Name  
1132 Bishop Street, Suite 400  
Business Address  
Honolulu, Hawaii 96813

General Contractor: N/A, See page 16, Paragraph G Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Condominium Managing Agent: Self managed by the Association of Unit Owners Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Attorney for Developer: Michael H. Sakai, Esq. Phone: (808) 531-4171  
Name (Business)  
201 Merchant Street, Suite 902  
Business Address  
Honolulu, Hawaii 96813-2929

**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. 2001-109818  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration dated April 23, 2003, recorded as Document No. 2003-079457.

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances, Condo Map No. 3303  
 Filed - Land Court Condo Map No. \_\_\_\_\_

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

The Condominium Map was amended by the First Amendment to Declaration described above.

- 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 manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 2001-109819  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

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

2. **Developer:**

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

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



Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed period 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 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: 82-6080 and 82-6080A Road D, Waipunaula, Kona, Hawaii  
Tax Map Key (TMK): (3) 8-2-001-020

Address  TMK is expected to change because County of Hawaii may assign new cpr numbers and/or street for each unit and/or identify and give a street name.

Land Area: 6.371  square feet  acre(s)  Zoning: Ag (A-5a)

Fee Owner: THE YOKOYAMA LIMITED PARTNERSHIP and YOKOYAMA-McDONALD CORP.  
127 S. Kuakini Street, #3, Honolulu, Hawaii 96813

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 6 (3 dwellings, 3 water tanks) Floors Per Building 2 and 1 (Unit 1) / 1 (Unit 2)

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete             Hollow Tile             Wood

Other Allied building materials

4. **Permitted Uses by Zoning:**

	<u>No of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential/Ag	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes                     No

5. Special Use Restrictions:

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

[ ] Pets: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[ ] Other: \_\_\_\_\_

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit 1: 1 Trash Chutes: 0

<u>Apt. No</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit 1</u>	<u>1</u>	<u>3/2.5</u>	<u>2,523</u>	<u>1,593</u>	<u>wood deck</u>
<u>Unit 1</u>	<u>1</u>	<u>1/1</u>	<u>576</u>	<u>54</u>	<u>lanai</u>
<u>Unit 2</u>	<u>1</u>	<u>2/2</u>	<u>1,072</u>	<u>192/224</u>	<u>lanai/carport</u>

Total Apartments: 2

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment:

The boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs, foundations, windows and frames, doors, beams, post entries and cesspools, if any.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area as provided in Article XVI of the Declaration of Condominium Property Regime, as amended.

Apartments Designated for Owner-Occupant 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 as N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 6

	<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 (Unit 1)	<u>    </u>	<u>2*</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>4*</u>
(Unit 2)	<u>1</u>	<u>1</u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>2</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>
Other:	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
Total Covered & Open	<u>6</u>	<u>    </u>	<u>0</u>	<u>    </u>	<u>0</u>	<u>    </u>	<u>6</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.

\*There is sufficient limited common land area appurtenant to both dwellings of Unit 1 for additional parking (so that each dwelling has at least 2 parking spaces).

Commercial parking garage permitted in condominium project.

Exhibit      contain additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational facilities

Swimming pool                       Storage Area                       Recreation Area

Laundry Area                       Tennis Court                       Trash Chute/Enclosure(s)

Other: \_\_\_\_\_

9. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations      See Exhibit "G"

There are no violations.                       Violations will not be cured.

Violations and cost to cure are listed below.       Violations will be cured by \_\_\_\_\_

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

See the report prepared by Merrill S. Kittenger, AIA attached hereto as Exhibit "B". The references to units A and B are actually to units 1 and 2, respectively.

1. Conformance to Present Zoning Code See Exhibit "G"

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

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

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

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

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

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

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

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

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

described in Exhibit C.

as follows:

2. Limited Common Elements: 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:

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

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

described in Exhibit \_\_\_\_.

as follows:

Unit 1	50%
Unit 2	<u>50%</u>
	100%

The common interest was determined by allocating an equal percentage to both units.

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 April 30, 2003 and issued by Island Title Corporation.

**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 specific sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None. There are no warranties, express or implied.

2. Appliances:

None. There are no warranties, express or implied.

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

The larger dwelling of Unit 1 was constructed around 1986 and final inspection recorded on July 13, 1987. The smaller Ohana dwelling was constructed around 1988 and final inspection recorded November 28, 1989. The dwelling for Unit 2 was constructed around 1992 and final inspection recorded August 10, 1993.

H. **Project Phases:**

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

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

#### 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.

See Page 20

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<sup>1</sup> ( Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Gas (\_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Water<sup>2</sup>  Sewer  Television Cable  
 Other \_\_\_\_\_

1. The electricity is for a water pump that provides water when the catchment system for each Unit are not sufficient to provide water needs. Each Unit has its own electric meter.
2. There is a single water meter for all units

**V. MISCELLANEOUS**

**A. Sales Documents Filed With the Real Estate Commission:**

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit E contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated May 14, 2003

Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

Other Declaration of Covenants, Conditions and Restrictions

**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 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 a developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

**AND**

- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

A) There is a material change in the project which directly, substantially and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Report 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, if any. (NONE)
  - 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, area available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 5105 filed with the Real Estate Commission on May 20, 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**

**NOT A SUBDIVISION.** This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

**MAINTENANCE FEES.** The only maintenance fees for this Project are for water when the individual catchment systems are inadequate to service the water needs of the respective Units and for the electricity needed to pump the water to the individual Units. Based on past charges, the Developer estimates that the total monthly charges for water is about \$45.00 and for electricity about \$30.00. So each unit's share would be \$37.50 ( $[\$45 + \$30] \div 2$ ). Other than the foregoing, Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. *Except for the water and electricity for the water pump, all utilities are separately metered.* Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

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

**RESERVES.** Developer discloses that no reserve study was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair.

**DISCLOSURE RE: SELECTION OF REAL ESTATE BROKER** This public report shall not bind a purchaser to the sale of a unit until (1) the Developer first submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) give a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

**REAL ESTATE BROKER.** Jean K. Yokoyama is a licensed Real Estate Broker (RB #12095). Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Jean K. Yokoyama is a current and active Hawaii-licensed real estate broker. Further, that Jean K. Yokoyama has a principal interest in the Development. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

**UNITS NOT FOR SALE** Unit 1 serves as the developers residence (Jean Yokoyama) and is not presently available for sale. Unit 2 will be transferred and conveyed to the son of Jean Yokoyama who also presently resides in Unit 2.

**LEASE** The Lease dated January 5, 2000 between Yokoyama-McDonald Corp., as lessor, and Jean K. Yokoyama, as lessee (recorded as Document No. 2000-178007), covers the real property upon which the Project is located. The Developer intends to either have this Lease amended or terminated in order to permit a unit in the Project to be conveyed free and clear of such Lease. At the present time, the Developer only intends to cause Unit 2 to be conveyed to the son of Jean Yokoyama and accordingly, the Lease only has to be amended to release Unit 2 from the terms of such Lease.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1,6]. (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

**THE YOKOYAMA LIMITED PARTNERSHIP**  
**YOKOYAMA-McDONALD CORP.**  
 Name of Developer

THE YOKOYAMA LIMITED PARTNERSHIP

By Jean K. Yokoyama  
 JEAN K. YOKOYAMA  
 Its General Partner

May 09, 2003  
 \_\_\_\_\_  
 Date

YOKOYAMA-McDONALD CORP.

By Jean K. Yokoyama  
 JEAN K. YOKOYAMA  
 Its President

May 09, 2003  
 \_\_\_\_\_  
 Date

Distribution:

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

## EXHIBIT "A"

### Description of Apartments

The Project contains the following two (2) units:

(a) "Unit 1" consists of the following structures:

1. Two-Story Building: (1) a separate two-story wood-frame structure, without basement, containing three bedrooms, two and one-half baths, living room, dining room, kitchen and laundry room -- all containing a net interior living area of approximately 2,523 square feet; (2) attached wooden deck areas totalling approximately 1,593 square feet; and (3) a separate detached water catchment tank that services the two-story building.

2. One-Story Building: (1) a separate one-story wood-frame structure, without basement, containing one bedroom, one bath, living room/kitchen -- all containing a net interior living area of approximately 576 square feet; (2) an attached wooden lanai of approximately 54 square feet; and (3) a separate detached water catchment tank that services the one-story building.

3. Unit 1 also includes any and all other improvements which may exist and/or be constructed on the land area appurtenant to said Unit 1 by the owner thereof. Specifically, in addition to said existing improvements, the owner thereof is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of the Declaration and all applicable building codes and zoning ordinances. The right to secure the building permit(s) for and construct said additional improvements vests solely with the owner of said unit and the costs and expenses of any such future construction shall be borne solely by the owner of said unit.

(b) "Unit 2" consists of the following structures:

1. One-Story Building: (1) a separate one-story wood-frame structure, without basement, containing two bedrooms, two baths, living room and kitchen -- all containing a net interior living area of approximately 1,072 square feet; (2) attached wooden lanai area(s) totalling approximately 192 square feet; (3) an attached carport of approximately 224 square feet; and (4) a separate detached water catchment tank that services the one-story building.

2. Unit 2 also includes any and all other improvements which may exist and/or be constructed on the land area appurtenant to said Unit 2 by the owner thereof. Specifically, in addition to said existing improvements, the owner thereof is permitted to build other improvements as allowed by applicable law, provided that said improvements comply with the provisions of the Declaration and all applicable

building codes and zoning ordinances. The right to secure the building permit(s) for and construct said additional improvements vests solely with the owner of said unit and the costs and expenses of any such future construction shall be borne solely by the owner of said unit.

**MERRILL S. KITTINGER, ARCHITECT** ■ ■ ■ ■

ARCHITECT INSPECTION REPORT  
(conversion)

REAL ESTATE COMMISSION  
Department of Commerce and Consumer Affairs  
State of Hawaii  
Seventh Floor, 1010 Richards Street  
Honolulu, Hawaii 96813

\*Re: Project: YOKOYAMA / MCDONALD  
Address:

TMK:

Submission for Final Public Report

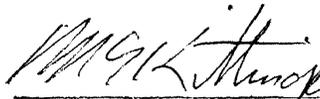
Dear Commissioners:

The undersigned, being Registered Professional Architect Number 7064 in the State of Hawaii, hereby declares as follows:

1. I have examined the residential structure on the above referenced property; and
2. Without invasive examination of covered components, the structures and mechanical and electrical components of the apartment identified as Unit A on the condominium map appeared to be in Satisfactory condition; and Unit B on the condominium map appeared to be in satisfactory condition.
3. The useful remaining life of the residential structure identified as Unit A is estimated to be 15 years and Unit B is estimated to be 15 years as of the date hereof.

Please feel free to contact me if you should have any questions concerning the foregoing.

Sincerely,

 3-24-03  
Registered Professional  
Architect No. A-7064

## EXHIBIT "C"

### Common Elements

The common elements of the Project and which the units have immediate access to include:

- a. The land in fee simple.
- b. The existing County water meter serving the parcel comprising the land portion of the Project;
- c. All ducts, pumps, pipes wires, conduits or other utility lines running over, under or through any unit or any limited common element appurtenant thereto which are utilized by or serve more than one unit, and other central and appurtenant installations for common services, if any, including, but not limited to water, power, light, gas, sewage, irrigation, telephone and television cable;
- d. Any and all other elements, installations and/or facilities rationally in common use or necessary to the existence, maintenance and safety of the Project, or normally in common use.
- e. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

### Limited Common Elements

The limited common elements for each Unit are as follows:

- a. Unit 1. That certain land area upon and around which "Unit 1" is located (which includes both the two-story structure and one-story structure), shown and designated on the Condominium Map and being approximately 4.871 acres in area, is deemed a limited common element appurtenant to and for the exclusive use of "Unit 1". Said land area does not constitute a subdivided lot as defined by the applicable county zoning code, but does delineate the extent of the limited common element that is appurtenant to Unit 1.
- b. Unit 2. That certain land area upon and around which "Unit 2" is located, shown and designated on the Condominium Map and being approximately 1.50 acres in area, is deemed a limited common element appurtenant to and for the exclusive use of "Unit 2". Said land area does not constitute a subdivided lot as defined by the applicable county zoning code, but does delineate the extent of the limited common element. The limited common area of Unit 2 is subject to the driveway access easement set forth in the Condominium Map and further described in Section VI.

c. All other common elements of the Project which are rationally related to less than all of the units of the Project shall be limited to the use of such unit(s) to which their use is rationally related and shall be deemed limited common elements.

All costs of every kind pertaining to the aforesaid limited common elements, including but not limited to costs of landscaping, maintenance, repair, replacement and/or improvements, shall be borne solely by the owner(s) of the units(s) to which said limited common elements are appurtenant.

EXHIBIT "D"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration dated August 27, 1985, recorded in the Bureau of Conveyances, State of Hawaii, in Book 18917, Page 254.
3. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Deed dated December 27, 1989, recorded in said Bureau, as Document No. 90-001473.

4. Easement 1:

Being a 20 foot wide road and utility easement, over and across Lot 80, over and across Grant 867 to Preston Cummings at Kiloa, South Kona, Hawaii.

Beginning at a spike in concrete at the Southwest corner of this easement, and being also the Southwest corner of Lot 80, the coordinates of which referred to Government Survey Triangulation Station "Puu O Hau" being 6,504.50 feet South and 19,271.82 feet East and running by azimuths measured clockwise from true South:

- |    |              |        |   |
|----|--------------|--------|---|
| 1. | 142° 10'     | 20.03  | feet along the Easterly side of Road "D";   |
| 2. | 229° 15'     | 732.06 | feet along remainder of Lot 80;   |
| 3. | 331° 13' 50" | 20.45  | feet along Lot 7 to a pipe in concrete;   |
| 4. | 49° 15'      | 728.83 | feet along Lot 22 to the point of beginning and containing an area of 0.335 acre, more or less. |

5. Easement 2:

Being a 12 foot wide road and utility easement, over and across Lot 22, over and across Grant 867 to Preston Cummings at Kiloa, South Kona, Hawaii.

Beginning at a spike in concrete at the Northwest corner of this easement, and being also the Northwest corner of Lot 22, the coordinates of which referred to Government Survey Triangulation Station "Puu O Hau" being 6,504.50 feet South and 19,271.82 feet East and running by azimuths measured clockwise from true South:

- |    |          |        |  |
|----|----------|--------|--|
| 1. | 229° 15' | 728.83 | feet along Lot 80 to a pipe in concrete; |
|----|----------|--------|--|

2. 331° 13' 50" 12.27 feet along Lot 7;
3. 49° 15' 726.89 feet along remainder of Lot 22;
4. 142° 10' 12.02 feet along the easterly side of Road "D" to the point of beginning and containing an area of 0.201 acres, more or less.

6. The terms and provisions, contained in the Farm Dwelling Agreement dated May 3, 1991, made by and between Jean Yokoyama and the Planning Department of the County of Hawaii, recorded in said Bureau, as Document No. 91-100126.

7. Terms and provisions of that certain Elevation Agreement dated October 10, 1997, recorded in said Bureau, as Document No. 97-169615.

8. Terms and provisions of that certain Elevation Agreement dated December 11, 1998, recorded in said Bureau, as Document No. 98-196854.

9. Lease dated January 1, 2000 in favor of Jean K. Yokoyama, for a term commencing January 1, 2000 and terminating on December 31, 2019, recorded in said Bureau, as Document No. 2000-178007.

10. Condominium Map No. 3303, as it may be amended from time to time, to which reference is hereby made, recorded in the Bureau of Conveyances, State of Hawaii.

11. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime for "Yokoyama-McDonald Farms, dated May 1, 2001, recorded in said Bureau, as Document No. 2001-109818. Said Declaration was amended by an instrument dated April 23, 2003, recorded in said Bureau, as Document No. 2003-079457.

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners for "Yokoyama-McDonald Farms", dated May 1, 2001, recorded in said Bureau, as Document No. 2001-109819.

13. For real property taxes due and owing and/or any rollback taxes, your attention is directed to the Director of Finance, County of Hawaii.

## EXHIBIT "E"

### Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
  - a. substantially and materially impairs the use and enjoyment of the apartment;
  - b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;
  - c. renders unenforceable a purchasers' loan commitment;
  - d. increases the purchaser's share of common expenses or maintenance fees;
  - e. reduces the obligations of Developer of common expenses on unsold apartments.
5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project.
6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

7. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, one half of escrow fees, and also a start fee for common expenses, if any.

b. By Developer: drafting of apartment deed and Developer notary fees, conveyance taxes, preliminary title report, and one half of escrow fees.

8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action compelling Developer to perform under contract;
- c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

The Sales Contract contains various other provisions which purchaser should become acquainted with.

EXHIBIT "F"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is ISLAND TITLE CORPORATION,. Under the Escrow Agreement dated May 14, 2003, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

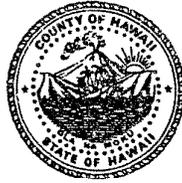
iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Harry Kim  
Mayor



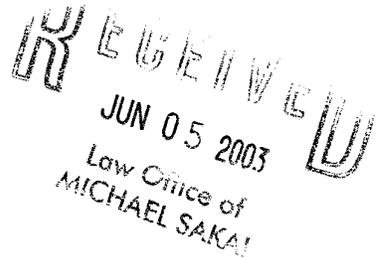
Christopher J. Yuen  
Director

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

May 30, 2003

Michael H. Sakai, Esq.  
902 City Financial Tower  
201 Merchant Street  
Honolulu, Hawaii 96813-4171



Dear Mr. Sakai:

**Condominium Registration Information**

**Project:** Yokoyama-McDonald Farms Condominium Project  
**Developer:** The Yokoyama Limited Partnership and  
Yokoyama-McDonald Corp.

**Tax Map Key: (3) 8-2-001:020**

We are in receipt of your letter of transmittal, dated May 19, 2003 and the accompanying Notice of Intention and Questionnaire, Condominium Public Report, and amended CPR Map No. 3303 for the project. The proposed condominium consists of two limited common elements of 3.871 acres and 1.50 acres.

The subject 6.371-acre property was created by subdivision (SUB 1150) on July 17, 1957. The property is zoned Agricultural (A-5a) by the County and is situated within the State Land Use Agricultural district.

The following is our response to your letter, dated March 13, 2003, in which you requested the issuance of a written statement, pursuant to the requirements of Hawaii Revised Statutes §514A-40(b)(1), regarding the referenced condominium project.

1. The existing buildings on the property were constructed in compliance with all zoning ordinances and codes applicable to said buildings. A statement of compliance with all building codes should be requested from the Department of Public Works – Building Division.

Michael H. Sakai, Esq.

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May 30, 2003

- a) Building Permit (BP) #K04801 was issued on February 13, 1981 to construct a new 2-story/three bedrooms dwelling with a major floor area of 1,617 square feet. This permit was closed due to expiration of the permit recorded on June 28, 1982.
  - b) BP #K06798 was issued on April 11, 1985 to renew BP #K04801 and allow the completion of the 2-story/1,700 square foot dwelling under construction. This permit was closed due to final inspection recorded on July 13, 1987.
  - c) Ohana Dwelling Unit Permit No. 962 was approved on March 3, 1989 to allow a second dwelling on the subject property.
  - d) BP #895442 was issued on April 12, 1989 to construct a new single story/1-bedroom/1-bathroom dwelling consisting of 576 square feet of major floor area. This permit was closed due to final inspection recorded on November 28, 1989.
  - e) BP #896060 was issued on August 21, 1989 to add a 8'x8' deck to the dwelling under construction under BP #895442. This permit was closed due to final inspection recorded on November 28, 1989.
  - f) A Farm Dwelling Agreement (FDA) was recorded with the Bureau of Conveyances as Document No. 91-100126 on July 25, 1991 to allow a third dwelling on the subject property.
  - g) BP #916421 was issued on October 18, 1991 to construct a new single story/2-bedroom/2-bathroom dwelling with a major floor area of 1,534 square feet and a water catchment tank. This permit was closed due to final inspection recorded on August 10, 1993.
2. No non-conforming uses or structures have been identified on the subject property.
  3. No variances were granted to achieve compliance with any zoning ordinances or codes.
  4. Regarding minimum lot size requirements. In that two or more legal dwellings were completed on the lot prior to June 19, 2001 and that a declaration establishing the condominium property regime creating two condominium units on the lot has been filed with the Bureau of Conveyances prior to September 25, 2003, the subject CPR project is in compliance with the Hawaii County Subdivision Code, pursuant to §23A 20(b), Ordinance 02-111.

Michael H. Sakai, Esq.

Page 3

May 30, 2003

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

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

- (b) 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.
- (c) 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.

All property buyers must comply with Chapter 25 of the Hawaii County Code.

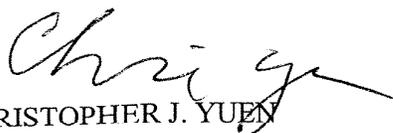
Michael H. Sakai, Esq.

Page 4

May 30, 2003

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

Sincerely,



CHRISTOPHER J. YUEN  
Planning Director

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

## EXHIBIT "H"

### SUMMARY OF DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS FOR KEALAKEKUA RANCH LOTS

The following is a summary of the Declaration of Protective Covenants, Conditions and Restrictions for Kealakekua Ranch Lots dated August 27, 1985, which was made by Kealakekua Ranch, Ltd., a Hawaii corporation (the "Declarant") which was recorded in the Bureau of Conveyances, State of Hawaii, in Book 18917, Page 254 (the "DCC&R's"). The Project is one of the many lots in the Kealakekua Ranch Lots which are subject to the DCC&R's. A prospective purchaser is advised to review the DCC&R's to determine the impact, if any, that such DCC&R's may have on a unit or the Project.

#### Article I: Definitions

This Article contains definitions of the various terms used in the DCC&R's. Capitalized terms are defined in this Article.

#### Article II: The Community Association

This Article contains provisions relating to the establishment of a Community Association of which all owners of lots in the Kealakekua Ranch Lots will be members of, the purposes and powers of the Community Association, voting rights of members, and other matters relating to the governance of the Community Association.

#### Article III: The Road Association

This Article contains provisions relating to the establishment of a Road Association of which all owners of Road Association Lots will be members of, the purposes and powers of the Road Association, voting rights of members, and other matters relating to the governance of the Road Association.

#### Article IV: Certain Rights and Obligations of the Declarant, the Road Association and the Community Association

This Article contains provisions relating to the rights of the Declarant, Community Association, and Road Association, assessments, maintenance and repairs of roads in the Kealakekua Ranch Lots, withdrawal of certain Road Association Lots, improvements to the road system, and liens for assessments.

Article V: Ranch Road System

This Article contains provisions relating to the Declarant's rights (but not obligation) to improve the Primary Road System, to assess the owners in the subdivision for the cost of the improvements including future maintenance of the road way system, future improvements to the road, lien rights for assessments of the expenses, and the right of the Declarant to petition the County to improve the road way system by way of improvement assessment district.

Article VI: Assessments

This Article contains provisions relating to the obligation of owners to pay assessments, establishment of budgets, allocation of expenses, imposition of special assessments, remedies and collection powers and rights of the Community Association and Road Association.

Article VII: Use Rights and Restrictions

This Article contains provisions relating to rights of owners to use property of the Community Association and Road Association property, further division of lots by the owners thereof, consolidation of lots, flood and erosion control, prohibition on hazardous activities, parking restrictions, restrictions on structures and minimum dwelling size, and other restrictions on improvements within the subdivision.

Article VIII: Easements

This Article contains provisions establishing various easement rights in favor of the Declarant, Community Association, and Road Association for access to lots within the subdivision.

Article IX: Insurance

This Article contains provisions relating to insurance to be maintained by the Community Association and Road Association and the form of the policies.

Article X: Annexation of Additional Property

This Article contains provisions that permit the Declarant to add additional lots to the Kealakekua Ranch Lots and the method of annexing them to the DCC&R's.

Article XI: Miscellaneous

This Article contains the miscellaneous sections including duration of the DCC&R's (30 years with automatic 10 year renewal periods thereafter), amendment of the DCC&R's, enforcement and remedies, assignment of rights, notices, etc.  
Exhibits

EXHIBIT A

This Exhibit describes the lots that are subject to the DCC&R's. The Yokoyama-McDonald Farms condominium project is located on Lot 22 which is described in Exhibit A.

EXHIBIT B

This Exhibit contains all the property which has access to a public highway over the Ranch Road System.

EXHIBIT C

This Exhibit has a map showing the existing Primary Road System.

EXHIBIT D

This Exhibit describes the lots that are included in the Road Assessment Zone. The Yokoyama-McDonald condominium project is located on Lot 22 which is described in Exhibit D.

EXHIBIT E

This Exhibit contains a map that shows the existing Secondary Roads.

EXHIBIT F

This Exhibit has a map showing the Preferred Primary Road System Alignment.

EXHIBIT G

This Exhibit has a map showing the property that may be annexed to the Kealakekua Ranch Lots.