

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust, and BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992

Address P.O. Box 112, Holualoa, HI 96725 (Jewell) P.O. Box 343, Holualoa, HI 96725 (Dasher)

Project Name (*): J & D ESTATES Project Address: Lot V, Holualoa 1st and 2nd, North Kona, Hawaii

Registration No. 5269 (Conversion) Effective date: January 16, 2004 Expiration date: February 16, 2005

Preparation of this Report:

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

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

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

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

(*) Exactly as named in the Declaration This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request. FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203

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 Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, **not** a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** 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.

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

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

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

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/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 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 they 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 a 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 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 Name*:

RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL,
as Trustees of the Ralph and Jean Jewell Family Trust,
and BARBARA ANNE DASHER and JOHN SKIP DASHER,
Trustees of the Barbara and John Dasher Family Revocable Living
Trust dated June 5, 1992

Phone (808) 324-0413 (Jewell)
Phone (808) 324-1443 (Dasher)

P.O. Box 112, Holualoa, HI 96725 (Jewell)
P.O. Box 343, Holualoa, HI 96725 (Dasher)
Address

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

N/A

Real Estate Broker*:

None selected at this time (see page 20)
Name

Phone: _____
(Business)

Business Address

Escrow:

TITLE GUARANTY ESCROW SERVICES, INC.
Name
75-170 Hualalai Road, Ste. C-210
Kailua-Kona, HI 96740
Business Address

Phone: (808) 329-6666
(Business)

General Contractor*:

N/A
Name

Phone: _____
(Business)

Business Address

Condominium Managing Agent*:

Self-managed by the Assoc. of Apartment Owners
Name

Phone: _____
(Business)

Attorney for Developer:

WALLACE H. GALLUP, JR.
Name
75-5591 Palani Road, Suite 3007
Kailua-Kona, Hawaii 96740
Business Address

Phone: (808) 329-5014
(Business)

*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, IIRS), 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. 2003-193866
Book _____ Page _____

Filed - Land Court Document Number _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo. Map No. 3637
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances Document No. 2003-193867
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%* | _____100%_____ |
| Bylaws | 65% | _____65%_____ |
| House Rules | --- | _____N/A_____ |

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

2. **Developer:**

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

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

Any time prior to the first recording in the Bureau of Conveyances of the State of Hawaii of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory to the Declaration, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map in any manner without approval or consent of any prospective unit purchaser.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple:** Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold:** Individual apartments and the common elements, which includes the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year.

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sub-lessor and fee owner is:
 Canceled Foreclosed

- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Sub-leasehold:**

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provisions.

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year.

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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: Lot V, Holualoa 1st and 2nd, North Kona, Hawaii Tax Map Key: (3) 7-6-4-28
(TMK)

Address TMK is expected to change because N/A

Land Area 1.964 square feet acre(s) Zoning: A-1a

Fee Owner: RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust, and BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992
 Name

P.O. Box 112, Holualoa, HI 96725 (Jewell)
P.O. Box 343, Holualoa, HI 96725 (Dasher)

Address

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 2
 Exhibit " A " contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Glass and Other related building materials

4. Permitted Uses by Zoning:

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

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

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

- [X] Pets See Sect. 12.13 of the Bylaws
 [] Number of Occupants: _____
 [] Other: _____

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 (Unit 1) & 1 (Unit 2) Trash Chutes: 0

| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area(sf)*</u> | <u>Net Other Area(sf)</u> | <u>(Identify)</u> |
|------------------|-----------------|----------------|-----------------------------|---------------------------|--------------------------------|
| <u>Unit 1</u> | <u>1</u> | <u>2/1</u> | <u>1,016</u> | <u>164</u> <u>32</u> | <u>Lanai</u> <u>Storage</u> |
| <u>Unit 2</u> | <u>1</u> | <u>2/2</u> | <u>1,272</u> | <u>562</u> <u>400</u> | <u>Lanai</u> <u>Carport</u> |

Total Number of Apartments 2

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

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

Boundaries of Each Apartment:

Each unit includes the entirety of all structures now or in the future contained within the limited common element land area appurtenant to the unit, including as to each structure, but not limited to, the footing and slab on which it is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, window and window frames, the air space within the perimeters of the units, and all fixtures originally installed in the unit. Each unit shall not include any pipes, shafts, wires, conduits or other utility service lines running through such unit which are utilized for or serve more than one unit, the same being deemed common elements.

Permitted Alterations to Apartments:

SEE EXHIBIT "B"

Apartments designated for Owner-Occupants Only:

N/A

7. Parking Stalls:

Total Parking Stalls: 4

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | <u>TOTAL</u> |
|-----------------------------|----------------|---------------|----------------|---------------|----------------|---------------|---------------|
| | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | |
| Assigned (for each unit) | <u>2**</u> | <u>2*</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>4</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>4</u> | <u> </u> | <u>0</u> | <u> </u> | <u>0</u> | <u> </u> | <u>4</u> |

*Unit 1 has sufficient area within the limited common element appurtenant to the unit for two uncovered parking stalls. **Unit 2 has a detached 2-car carport. Buyers are encouraged to find out which stalls will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

Installations (For conversions of residential apartments in existence for at least five years):

Based on a report prepared by an independent registered architect or engineer, it is the Developer's opinion that all structural components and electrical installations material to the use and enjoyment of the condominium units are presently sound and appear to be in satisfactory working condition. However, NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM UNITS.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit "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 may use them, as described in the Declaration are:

described in Exhibit "D".

as follows:

NOTE: Land area appurtenant to each unit is not a legally subdivided lot.

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. 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 "E".

as follows:

- 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 "F" describes the encumbrances against the title contained in the title report dated August 21, 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.

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

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only 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> |
|---------------------|--|
| Mortgages | Buyer's interest will be canceled and full deposit will be returned to Buyer, less escrow cancellation fee. |

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

2. Appliances:

NONE

G. Status of Construction and Estimated Completion Date:

Unit 1 was completed in the year 1980. Unit 2 was completed in the year 1980.

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, a lien may be placed on your apartment and the apartment may be 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 "G" 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 "H" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 25, 2003.

Exhibit "I" contains a summary of the pertinent provisions of the escrow contract.

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 buyers. 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, 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 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 elements; or (2) the amenities available for buyer's use; **AND**

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules (if any)
 - E) Condominium Map.
 - 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 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 Registration No. 5269 filed with the Real Estate Commission on December 22, 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

1) Disclosure re: Selection of Real Estate Broker: This public report shall not bind a purchaser to the sale of any apartment until (1) the Developer first submit to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report. If the Developers, as owners, choose to represent themselves in the sale of any apartment, said abstract need not be given to the purchaser, as all necessary disclosures are covered in this report.

2) Disclosure re: Replacement Reserves Study: Mandatory reserves assessments and collection in effect beginning 1994 budget year. The Developers have not had a reserves study done in accordance with Hawaii Revised Statutes Section 514A-83.6 and Hawaii Administrative Rules, Chapter 107, as amended, in that there are no common elements in this project which are going to be maintained by the Association, as reflected in Exhibit "G".

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

FARM DWELLING NOTICE

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

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

Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000.00. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000.00 for any additional violation.

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

Signature of Applicant

Signature of Witness

Applicants for a building permit for an additional dwelling on land zoned for agriculture are required to comply with the provisions of Chapter 25, Article 6, Division 3 of the Hawaii County Code, as amended, and Rule 13 of Planning Department Rules, as amended. A brief summary of some of their provisions may be found on Exhibit "J". A copy of the County of Hawaii Planning Department Additional Farm Dwelling Agreement form is attached as Exhibit "K".

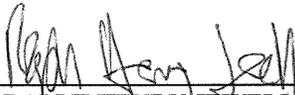
5) Disclosure re: Deeds from the Developer: The Developer has or will convey(ed) Unit 1 by way of Apartment Deed to BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992, and Unit 2 to RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust, who will henceforth own each Unit separately. Accordingly, at such time as Unit 1 is sold by BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992, in the future, a sales contract will be entered into only by BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992, and a Deed will be issued only by BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992, and likewise when RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust sell Unit 2 in the future, a sales contract and Deed will be issued only by RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust.

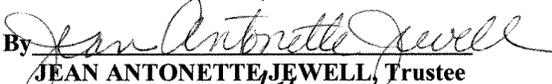
- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The 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.

RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust, and BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992

Printed Name of Developer

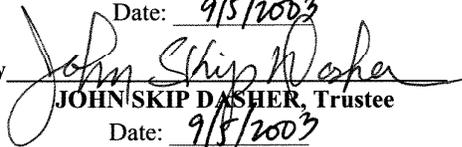
RALPH AND JEAN JEWELL FAMILY TRUST

By 
RALPH HENRY JEWELL, Trustee
 Date: 9/5/2003

By 
JEAN ANTONETTE JEWELL, Trustee
 Date: 9/5/2003

BARBARA AND JOHN DASHER FAMILY REVOCABLE LIVING TRUST DATED JUNE 5, 1992

By 
BARBARA ANNE DASHER, Trustee
 Date: 9/5/2003

By 
JOHN SKIP DASHER, Trustee
 Date: 9/5/2003

Developer

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

The project consists of two units. Unit 1 consists of one building which is a two-story residential building constructed principally of wood, glass and related building materials. Unit 2 consists of one building which is a two-story (with loft) residential building and one building which is a carport, both of which are constructed principally of wood, glass and related building materials. Neither unit has a basement.

END EXHIBIT "A"

EXHIBIT "B"

ALTERATION OF PROJECT

Paragraph L of the Declaration provides as follows:

1. **By Unit Owner.**

(a) Each unit owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of the other unit or any other persons or entity, to construct, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon the yard appurtenant to his unit (collectively, the foregoing are referred to as "alterations"). Each unit owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the owner of the altered unit shall duly record such amendment to this Declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such Unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. If required by the Act, the board shall be deemed to approve of all such alterations. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered unit a power of attorney to execute an amendment to the Declaration solely for the purpose of describing the alterations to such unit in the Declaration so that the owner of the altered unit shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the Declaration. This power of attorney shall be deemed coupled with each owner's interest in his unit (including his common interest) and shall be irrevocable.

(b) Any alterations to a unit pursuant to this paragraph L shall be subject to the following conditions:

(i) All building plans for any such alterations shall conform with State and County land use, building and zoning laws and other applicable County ordinances and regulations, as well as the restrictive covenants, if any, described in Exhibit "A".

(ii) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the yard appurtenant to such unit. All improvements (exclusive of fences, walls and/or driveways) constructed after the date of this Declaration shall maintain a minimum setback of **thirty (30) feet** from the common boundary of the limited common element land area appurtenant to each unit, or such greater distance as may be required by applicable zoning ordinances.

(iii) All such alterations shall be at the sole expense of the unit owner making the change and shall be completed within one year of the commencement thereof and in a manner that will not unreasonably interfere with the other unit owner's use of his unit or yard.

(iv) The owner of the altered unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such alteration for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project, nor shall it unreasonably interfere with the other unit owner's use or enjoyment of his unit or yard or any easement for access purposes to the owner's unit or yard.

(v) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.

END EXHIBIT "B"

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" attached to the Declaration, in fee simple, and all easements appurtenant thereto.
2. All central and appurtenant installations for common services, including power, light, water, telephone and sewer.
3. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

END EXHIBIT "C"

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain parts of the common elements, referred to as the "limited common elements", are designated and set aside for the exclusive use of certain units, and such units shall have appurtenant easements for the exclusive use of such limited common elements. The limited common elements are described in the Declaration as follows:

PRIVATE LAND AREA OR YARD. Certain land area of the project, located as shown on the condominium map and designated thereon as limited common element, together with all improvements thereon, is appurtenant to and for the exclusive use of each unit as designated on the condominium map.

| <u>Unit No.</u> | <u>Yard No.</u> | <u>Area</u> |
|-----------------|-----------------|---|
| 1 | 1 | 0.982 acres as shown and delineated on the Condominium Map. |
| 2 | 2 | 0.982 acres as shown and delineated on the Condominium Map. |

NOTE: The boundaries of the yard area appurtenant to each unit, as shown on the Condominium Map **do not** represent County-approved subdivided lots. Such boundaries serve only to delineate the limited common element yard area appurtenant to each unit.

WATERLINES. Each unit is or will be served by a separate waterline which is appurtenant to and for the exclusive use of the unit to which it is attached. Each waterline is or will be connected to a water meter which is connected to the private water system operated by Holualoa Homesteads Water Association. The water-meter and the waterline which lies between it and Unit 1 shall be considered to be a limited common element appurtenant to Unit 1. The water-meter and the waterline which lies between it and Unit 2 shall be considered to be a limited common element appurtenant to Unit 2.

CESSPOOLS AND SEWER LINES. Each unit is served by a cesspool and sewer line which is located on the limited common element yard area which is appurtenant to the unit and is for the exclusive use of the unit to which it is attached.

END EXHIBIT "D"

EXHIBIT "E"

COMMON INTEREST

| <u>Unit No.</u> | <u>Undivided Common Interest</u> |
|-----------------|----------------------------------|
| 1 | 50% |
| 2 | 50% |

END EXHIBIT "E"

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For information regarding real property taxes as may be due and owing, reference is made to the Director of Finance, County of Hawaii.
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 : DEED
DATED : May 25, 1978
RECORDED : Liber 12958 Page 152

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

INSTRUMENT : AGREEMENT
DATED : May 16, 1980
RECORDED : Liber 14781 Page 713
PARTIES : RALPH H. JEWELL, JEAN A. JEWELL and BARBARA HOWARD and
PLANNING DEPARTMENT OF THE COUNTY OF HAWAII
RE : Farm dwelling

5. MORTGAGE

MORTGAGOR : RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust, as to an undivided 1/2 interest, and JOHN S. DASHER, also known as JOHN SKIP DASHER, and BARBARA ANNE DASHER, also known as BARBARA ANN DASHER, Co-Trustees under that certain unrecorded Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992

MORTGAGEE : FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF AMERICA, a federally chartered savings and loan association, now known as BANK OF HAWAII, a Hawaii corporation

DATED : July 23, 1992
RECORDED : Document No. 92-123192
AMOUNT : \$200,000.00

6. MORTGAGE

MORTGAGOR : RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, as Trustees of the Ralph and Jean Jewell Family Trust, and BARBARA ANNE DASHER and JOHN SKIP DASHER, as Trustees of the Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992

MORTGAGEE : FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF AMERICA,
a federally chartered savings and loan association, now known as BANK OF
HAWAII, a Hawaii corporation

DATED : December 4, 1992
RECORDED : Document No. 92-202543
AMOUNT : Open-End Credit Agreement, sums not to exceed \$30,000.00

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

INSTRUMENT : ELEVATION AGREEMENT

DATED : May 24, 2001
RECORDED : Document No. 2001-080391
PARTIES : DEPARTMENT OF WATER SUPPLY, COUNTY OF HAWAII and
BARBARA ANNE DASHER and JOHN SKIP DASHER, Trustees of the
Barbara and John Dasher Family Revocable Living Trust dated June 5, 1992
and RALPH HENRY JEWELL and JEAN ANTONETTE JEWELL, Trustees
of the Ralph and Jean Jewell Family Trust

8. Declaration of Condominium Property Regime of "J & D ESTATES" dated August 25, 2003, recorded in said Bureau as Document No. 2003-193866.
9. Condominium Map No. 3637.
10. Bylaws of the Association of Unit Owners of "J & D ESTATES" Condominium Project dated August 25, 2003, recorded in said Bureau as Document No. 2003-193867.

END EXHIBIT "F"

EXHIBIT "G"

ESTIMATED MAINTENANCE FEES

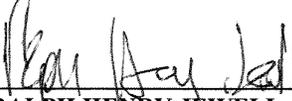
The regular maintenance and repair of each unit and appurtenant limited common elements shall be the sole responsibility of each respective unit owner. Section 514A-86, Hawaii Revised Statutes, requires that the association purchase fire insurance to cover the improvements portion of the project. The Declarant anticipates that the association will elect to require each owner to obtain separate fire insurance and liability policies for the owner's respective unit pursuant to Article 7 of the Bylaws. As such, premiums for such policies will be the individual responsibility of each unit owner.

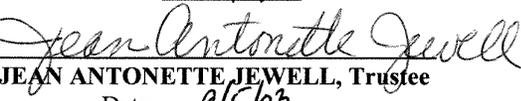
The Declarant estimates that the annual premium for a fire insurance policy covering Unit 1 may be approximately \$600.00 and Unit 2 may be approximately \$800.00.

Additionally the owners of each unit will be required to pay the annual dues that are assessed by the Holualoa Homesteads Owners Association for roadway repairs and maintenance which dues are currently set at \$500.00 per unit.

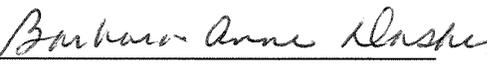
Declarant hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principals.

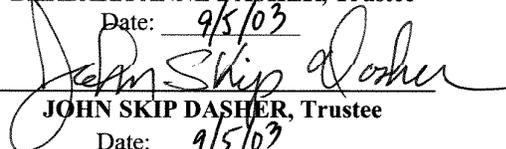
RALPH AND JEAN JEWELL FAMILY TRUST

By 
RALPH HENRY JEWELL, Trustee
Date: 9/5/03

By 
JEAN ANTONETTE JEWELL, Trustee
Date: 9/5/03

BARBARA AND JOHN DASHER FAMILY REVOCABLE LIVING TRUST DATED JUNE 5, 1992

By 
BARBARA ANNE DASHER, Trustee
Date: 9/5/03

By 
JOHN SKIP DASHER, Trustee
Date: 9/5/03

Declarant

EXHIBIT "H"

SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

No sales of the condominium units are immediately contemplated. However, the Developer plans to use the Hawaii Association of Realtors' standard form of Deposit, Receipt, Offer and Acceptance (DROA) as the intended sales contract for the Project when and if sales later commence.

The sales contract contains the purchase price, description and location of the condominium unit and other terms and conditions under which a Buyer will agree to buy a condominium unit in the Project. Among other things, the sales contract (DROA):

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract by Buyer:
 - a. Seller may bring an action against Buyer for breach of contract;
 - b. Seller may retain Buyer's deposit(s);
 - c. Buyer shall be responsible for expenses incurred.

Provides the following remedies, in the event of default under the sales contract by Seller:

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

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

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

Upon examination, the Developer represents that the proposed Sales Contract (DROA) is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is incumbent upon the purchaser and prospective purchaser that he reads the Sales Contract (DROA) with care.

END EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

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

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract. Escrow agrees to make any refunds as soon as possible after the Purchaser and Seller notify escrow in writing that a refund should be made. No refund will be made to any Purchaser who asks for them unless escrow receives written approval from the Seller. The refunds will be made without any interest unless the Sales Contract contains different instructions.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. In particular, the Escrow Agreement that provides escrow may disburse the Purchaser's funds after: (i) the Real Estate Commission has issued a Final Public Report (the "Final Report") on the project; and (ii) the Purchaser has been given a copy of the Final Report together with a Receipt and Notice of Right to Cancel form which complies with section 514A-62 of the condominium law; and (iii) the Purchaser has signed the receipt and notice form and waived his right to cancel or thirty days have elapsed since the Purchaser received a copy of the Final Report and receipt and notice form; and (iv) the Seller notifies Escrow in writing that, since the things described in (i), (ii) and (iii) above have happened, neither the Purchaser nor the Seller may back out of the agreements they made in the Sales Contract. In the same written notice, the Seller shall notify Escrow either that the time in which the Seller or the Purchaser could back out of the agreements in the Sales Contract has passed, or that the Seller and the Purchaser have said that they will not back out of the agreements in the Sales Contract; and (v) the Seller's attorney advises Escrow that the Sales Contract has become effective and the requirements of Sections 514A-40 and 514A-63 of the condominium law have been met, as provided for in Section 514A-65 of the condominium law; and (vi) completion of the project improvements by the Seller such that none of the Purchaser's money shall be disbursed by Escrow to pay for construction costs.

The Escrow Agreement also establishes the procedure to be followed on the Purchaser's default and in the event of a default on the Purchaser's deposits which procedures, in effect, are as follows: Escrow will notify the Seller and the Purchaser promptly if the Purchaser fails to make a payment or is otherwise in default under the Sales Contract (to the knowledge of Escrow). The Seller will notify Escrow in writing if a Purchaser has defaulted or not done something that the Purchaser promised to do in the Sales Contract. The Seller will tell Escrow in the same letter that, because the Purchaser has defaulted, the Seller is canceling the Sales Contract and will give Escrow a copy of the letter that the Seller delivered in person or sent by registered or certified mail to the Purchaser, telling the Purchaser of the default and cancellation. The Seller will also give Escrow a copy of a receipt signed by the Purchaser or the registered or certified mail return receipt. Escrow will then send a letter to the Purchaser by registered or certified mail, informing the Purchaser that the Seller has canceled the Sales Contract because of the default. Escrow will wait for fifteen days after the date which shows on the return receipt as the date when the Purchaser got Escrow's letter or the date which shows the last time that the post office tried to deliver the letter. If Escrow does not hear from the Purchaser during that time, Escrow may deduct its cancellation fee from the Purchaser's funds and treat the Purchaser's funds which are left as belonging to the Seller. If the Purchaser tells Escrow that the Purchaser has not defaulted or tells Escrow not to do anything with the Purchaser's funds, then Escrow may file an interpleader action to have the disagreement settled by the Courts and deposit the Purchaser's funds with the Court or deliver the funds to the Seller.

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

END EXHIBIT I

EXHIBIT "J"

INFORMATION NOTICE

Farm Dwelling Agreement

Notice – the following is presented for informational purposes only. It is not intended to be legal advice, and it is not exhaustive of the subject. Anyone whose plans may be affected or limited by the Hawaii County Zoning Code or the Planning Commission Rules is urged to (1) consult their attorney, (2) consult with the County of Hawaii Planning Department, or (3) otherwise obtain a complete understanding on how the County of Hawaii Zoning Code, Building Code and the Planning Commission Rules may affect their plans for development.

Farm Dwelling Agreement

A party seeking a building permit for the second dwelling on the project must enter into a Farm Dwelling Agreement with the Planning Director of the County of Hawaii. The agreement is supplied by the County of Hawaii Planning Department, and you are urged to obtain a copy of the agreement and read it before you commit yourself to purchasing this condominium apartment. In addition to signing the Farm Dwelling Agreement the landowner or lessee is required to provide:

- a. A notarized affidavit that the additional dwelling(s) shall be used for farm related purposes.
- b. Name and address of the landowner or lessee, if the latter has a lease on the building site with a term exceeding one year from the date of the farm dwelling agreement.
- c. Written authorization of the landowner if the request is filed by the lessee
- d. The landowner or lessee shall submit an agricultural development and use program, farm plan, or other evidence of the applicant's continual agricultural productivity or farming operation within the County. Such plan shall also show how the farm dwelling(s) will be utilized for farm-related purposes. To verify the applicant's engagement in any agricultural productivity or farming operation, the following evidences may be submitted:
 1. State of Hawaii Department of Taxation's Gross Income License.
 2. Approved agricultural dedication from the County of Hawaii Department of Finance, Real Property Tax Division.
 3. Receipts of income received from sale of agricultural products.

The County of Hawaii Zoning Code and the Planning Commission Rules may amend and other or additional requirements or limitations may be placed on your ability to build a dwelling on the subject property.

END EXHIBIT "J"

EXHIBIT "K"

AFTER RECORDATION, RETURN BY MAIL TO:

**County of Hawaii Planning Department
101 Pauahi Street, Suite 3
Hilo, Hawaii 96720**

TITLE OF DOCUMENT:

ADDITIONAL FARM DWELLING AGREEMENT

PARTIES TO DOCUMENT:

FIRST PARTY: (OWNERS OF RECORD)

SECOND PARTY: COUNTY OF HAWAII

PROPERTY DESCRIPTION:

TMK: (3)

ADDITIONAL FARM DWELLING AGREEMENT

THIS AGREEMENT made and executed this (DATE), by and between (OWNERS OF RECORD), herein called the "First Party," whose mailing address is (ADDRESS), and the COUNTY OF HAWAII, herein called the "Second Party."

IT IS HEREBY AGREED that the First Party may construct a second farm dwelling located on the property described by Tax Map Key (3) (TMK NUMBER) situated within the State Land Use Agricultural district and zoned Agricultural (A-a) by the Second Party.

IT IS HEREBY ACKNOWLEDGED that the First Party is the legal owner of the property above described.

IT IS HEREBY FURTHER AGREED that this approval to construct one additional farm dwelling is given subject to the following conditions:

1. The additional farm dwelling shall be used to provide shelter to person(s) involved in the agricultural or farm-related activity on the property. Family members who are not engaged in agricultural or farm-related activity are allowed to reside in the farm dwelling.
2. The agreement shall run with the land and apply to all persons who may now or in the future use or occupy the additional farm dwelling.
3. This agreement shall include any and all conditions specified in the Additional Farm Dwelling Agreement letter, attached to this document as Exhibit "A".

IT IS HEREBY FURTHER AGREED that if this agreement is with a lessee, the legal owner shall be a party to this agreement.

IT IS HEREBY FURTHER AGREED that should the pertinent provisions of the State and County laws and rules and regulations change to authorize said farm dwelling, upon request of the First Party, this Agreement may be reconsidered for possible amendment and/or severance.

IT IS HEREBY FURTHER AGREED that if the property is situated within the State Land Use Agricultural district, the Second Party may impose a fine of not more than \$5,000 for violation of Section 205-4.5, Hawaii Revised Statutes. If the violation is not corrected within six months of such citation and the violation continues, a citation for a new and separate violation may be imposed. There shall be a fine of not more than \$5,000 for any additional violation. The Second Party may also impose fines for any violation of Chapter 25, Hawaii County Code, as amended, in accordance with the procedures and fine schedule outlined in Division 3, Article 2, of said code.

IN CONSIDERATION OF THE AFORESAID, the Second Party hereby approves this Agreement as being in conformity with Sections 205-2 and 205-4.5 of the Hawaii Revised Statutes, relative to permitted uses within the State Land Use Agricultural district. This Agreement is also in conformance with Chapter 25, Hawaii County Code, as amended.

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

FIRST PARTY:

(NAME), Legal Owner

(NAME), Legal Owner

SECOND PARTY:

(NAME), Planning Director
County of Hawaii Planning Department

STATE OF HAWAII

)

) SS.

COUNTY OF HAWAII

)

On this _____ day of _____, 200__ before me personally appeared (OWNERS OF RECORD) to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Notary Public, State of _____

My commission expires: _____

STATE OF HAWAII)
) SS
COUNTY OF HAWAII)

On this ____ day of _____, 2003 before me personally appeared (NAME), to me personally known, who, being by me duly sworn, did say that he is the Planning Director of the County of Hawaii; and that the Planning Department of the County of Hawaii has no corporate seal; and that the instrument was signed on behalf of the Planning Department of the County of Hawaii, a government agency, and said (NAME) acknowledged the instrument to be the free act and deed of said Planning Department, County of Hawaii.

Notary Public, State of Hawaii

My commission expires: _____

Additional Farm Dwelling Agreement Instructions

Attached is the Additional Farm Dwelling Agreement form for your approved application. It is important that you follow these instructions in the completion of the form. Failure to complete and submit a properly completed agreement form to the Planning Department for recordation with the Bureau of Conveyances may cause your Additional Farm Dwelling Agreement to be rejected by the Bureau and delay approval of your application for a building permit for the additional farm dwelling. Building permit applications for additional farm dwellings will not be approved by the Planning Department until the AFDA form and the required submittals specified below have been returned to the Planning Department. You may make as many copies of the AFDA document for your records as necessary. A copy of the final recordation page will be available from the Planning Department when received back from the Bureau of Conveyances upon request.

1. All persons in the "First Party" must sign before a Public Notary in the appropriate location on the signature page (Page 5). Photocopies of this page may be made and sent to any persons listed on the page whose notarized signatures are required and then attached to the agreement document along with the original signature page. Facsimiles or FAX copies of signatures will not be accepted.

Note: All signatures must be the same as the typed name. Therefore, if John L. Doe is the name typed the signature must also be John L. Doe. Signing John Doe or Jonathan L. Doe will cause the agreement document to be rejected by the Bureau of Conveyances for recordation purposes.

2. Enclose a check or money order in the amount of \$25.00, made out to the Director of Finance, for the Bureau of Conveyance recordation fee.
3. Return the **original** completed AFDA document with all required signatures and the recordation fee payment to the Planning Department for the Director's signature and submittal to the Bureau of Conveyances for recordation.

END EXHIBIT "K"

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

December 5, 2003

Wallace H. Gallup, Jr., Esq.
75-5591 Palani Road, Suite 3007
Kailua- Kona, Hawaii 96740-3663

Dear Mr. Gallup:

Condominium Registration Information

Project: J & D Estates Condominium Project

**Developer: Ralph Henry Jewell, Jean Antonette Jewell
Barbara Anne Dasher, and John Skip Dasher**

Tax Map Key: (3) 7-6-004:028

We are in receipt of your letter, dated October 3, 2003 and the accompanying Notice of Intention, Declaration of Condominium Property Regime, Condominium Public Report, and CPR Map for the project. The proposed condominium consists of two limited common elements of 0.982 acres each.

The subject 1.964-acre property was created by subdivision (SUB 4012) on November 28, 1977. The property is zoned Agricultural (A-1a) by the County and is situated within the State Land Use Agricultural district.

The following is our response to your request for 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.

- a) BP #K03857 was issued on September 26, 1979 to construct a new 1,380-square foot 2-story dwelling with 2-bedrooms. This permit was closed without final inspection by the bureau head on October 26, 1981.
 - b) BP #K04150 was issued on February 26, 1980 to construct a new 480-square foot workshop. This permit was closed on October 26, 1981.
 - c) A Farm Dwelling Agreement (FDA) was approved on May 14, 1980 to allow for the construction of a second farm dwelling on the subject property.
 - d) BP #K04413 was issued on July 10, 1980 to convert the workshop (BP #K04150) to a 2-story dwelling. This permit was closed due to final inspection recorded on June 29, 1981.
 - e) BP #K06807 was issued on April 14, 1985 to construct a new 400-square foot detached carport with storage area. This permit was closed due to final inspection recorded on August 23, 1985.
 - f) BP #K07192 was issued on December 9, 1985 to renew BP #03857 and allow for the completion of the dwelling with alterations. This permit was closed due to final inspection recorded on February 20, 1986.
 - g) BP #K07299 was issued on February 12, 1986 to allow for allow the addition of new decks and other improvements to dwelling permitted under BP # K03857. This permit was closed due to final inspection recorded on February 20, 1986
 - h) BP #K07306 was issued on February 14, 1986 to renew BP #K04150 and allow for the completion of the conversion of the workshop to a dwelling and the installation of a fireplace. This permit was closed due to final inspection recorded on March 20, 1986
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 a Declaration of Condominium Property Regime was recorded with the Bureau of Conveyances by Document No. 2003-193866 on September 11, 2003, the subject CPR project is in compliance with the Hawaii County Subdivision Code, pursuant to §23A-20(b), Ordinance 02-111.

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

Wallace H. Gallup, Jr., Esq.
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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.

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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Wallace H. Gallup, Jr., Esq.
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xc: Planning Department – West Hawaii Office
Real Property Tax Office