

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: DALE ALAN MOORE and PATRICIA MOORE, husband and wife, and DON ROLAND COWELL, husband of Peggy Ann Cowell
Developer DON ROLAND COWELL, husband of Peggy Ann Cowell
Address 2186 Round Top Drive, Honolulu, Hawaii 96822

Project Name (*): "KAWELA KAI HOMES"
Address: 57-473 Kamehameha Highway, Kahuku, Hawaii 96731

Registration No. 5602 Effective date: June 17, 2005
Expiration date: July 17, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

 PRELIMINARY: The developer may not as yet have created the condominium but has filed with
(yellow) 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:** The developer has legally created a condominium and has filed complete
(white) information with the Commission.
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with _____

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

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

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

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

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General Information On Condominiums

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

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

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

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

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

DALE ALAN MOORE and PATRICIA MOORE, husband and wife, and
DON ROLAND COWELL, husband of Peggy Ann Cowell

Developer: _____ Phone: (808) 946-9202
Name* _____ (Business)
2186 Round Top Drive
Business Address _____
Honolulu, Hawaii 96822

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*: _____ Phone: none
Name _____ (Business)
Business Address _____

Escrow _____ Phone: (808) 483-0130
Name _____ (Business)
98-211 Pali Momi, Suite 535
Business Address _____
Aiea, Hawaii 96707

General Contractor*: _____ Phone: (808) 927-0404
Name _____ (Business)
59-235 Ke Nui Road
Business Address _____
Haleiwa, Hawaii 96712

Condominium Managing Agent*: _____ Phone: none
Name _____ (Business)
Business Address _____

Attorney for Developer: _____ Phone: (808) 521-2951
Name _____ (Business)
220 South King Street, Suite 888
Business Address _____
Honolulu, Hawaii 96813

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-183469
Book _____ Page _____
 Filed - Land Court: Document No. 3162857

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment of Declaration Submitting Property To The Condominium Property Regime of "KAWELA KAI HOMES" dated May 6, 2005 filed as Land Court Doc No. 3271333 and recorded as Doc No. 2005-101530.

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. 3833
 Filed - Land Court Condo Map No. 1662

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. 2004-183470
Book _____ Page _____
 Filed - Land Court: Document No. 3162858

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>Approved by Board of Directors</u> |

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

2. **Developer:**

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

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

Unit 2: Developer reserves the right to replace said shed with a residential dwelling, and amend the Declaration and Map accordingly.

To grant, adjust easements; to file "as built" amendment; changing parking stalls; to comply with governmental and mortgage requirements.

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: 57-473 Kamehameha Highway Tax Map Key (TMK): (1) 5-7-003:070
Kahuku, Hawaii 96731

Address TMK is expected to change because _____

Land Area: 10,002 square feet acre(s) Zoning: R-5

Fee Owner: DALE ALAN MOORE and PATRICIA MOORE, husband and wife, and DON ROLAND COWELL, husband of Peggy Ann Cowell

Name
2186 Round Top Drive
Address
Honolulu, Hawaii 96822

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: Unit 1 = 3
Unit 2 = 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning:

| | <u>No. of</u> <u>Apts.</u> | <u>Use Permitted By Zoning</u> | |
|--------------------------------------------------|-------------------------------|-----------------------------------------|-----------------------------|
| <input checked="" type="checkbox"/> Residential | <u>1</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 checked="" type="checkbox"/> Other : Shed | <u>1</u> | <input checked="" 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:

None, except "guide dog" for disabled persons are permitted,
[X] Pets: and such other animal as may be allowed by the association.

[] Number of Occupants: _____

[] Other: _____

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Unit 1: Elevators 0 Stairways 3 Trash Chutes 0
Unit 2: Elevators 0 Stairways 0 Trash Chutes 0

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Net Other Area (sf) (Identify) |
|--------------|----------|---------|--------------------------|-----------------------------------|
| Unit 1 | 1 | 3/2½ | 1,656 | 1,008 Garage/Entry/Storage |
| Unit 2 | 1 | N/A | N/A | 64 Storage Shed** |

Total Number of Apartments: 2

**Unit 2 - Developer reserves the right to replace said shed with a residential dwelling, and amend the Declaration and Map accordingly.

* 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 limits of the respective units are each unit's perimeter walls, and shall include pipes, wires, conduits, ducts or other utility lines running through such unit.

Permitted Alterations to Apartments:

Alterations of an apartment may be made with the approval of the Board of Directors and the written consent of the holders of all liens affecting the apartment.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 2

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | TOTAL |
|--------------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------|
| | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | |
| Unit 1 - Assigned (for each unit) | <u>1</u> | <u>0</u> | <u>1</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2</u> |
| Guest | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Unassigned | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Extra for Purchase | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other: <u>Unit 2*</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Covered & Open: | <u>1</u> | | <u>1</u> | | <u>0</u> | | <u>2</u> |

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

Commercial parking garage permitted in condominium project.

Exhibit _____ 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):

Not applicable

*Unit 2 has ample space for parking purposes within its limited common element area.

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

described in Exhibit "A".

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

Each unit will have, as a limited common element, the ground upon which it is located and a portion of the surrounding yard space as follows:

UNIT 1, Site 1 5,000 sq. ft.
 UNIT 2, Site 2 5,002 sq. ft.

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:

| <u>UNIT</u> | <u>% of Undivided Interest</u> |
|-------------|--------------------------------|
| 1 | 50.00% |
| 2 | 50.00% |
| Total | 100.00% |

- 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 "B" describes the encumbrances against the title contained in the title report dated November 16, 2004 and issued by Old Republic Title & Escrow of Hawaii

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u> |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mtg dated September 3, 2004 and recorded as Doc #2004-185557 and filed as Land Court Doc #3163886 in favor of First Hawaiian Bank; | The Buyer's deposit shall be returned. The Buyer may lose all rights to acquire the apartment. |
| Financing Statement recorded 9-10-04 as Doc #2004-185558 in favor of First Hawaiian Bank. | Further, should Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover the deposit moneys. |

F. Construction Warranties:

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

1. Building and Other Improvements:

One (1) year warranties from "Notice of Completion" on workmanship and materials.

2. Appliances:

Unit 1: Refrigerator, Dishwasher
Unit 2: Unfurnished

Warranties on these new appliances are one (1) year from date of purchase.

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

Unit 1: (Front Building) Building Permit No. 551540, applied July 9, 2003
Date of Completion: February 3, 2005.

See Exhibit "D", City and County of Honolulu Building Permit.

Unit 2: (Rear portion of the property) Existing Shed*
Date of Completion: May 31, 2005.

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):

* Unit 2: Developer reserves the right to replace said shed with a residential dwelling, and amend the Declaration and Map accordingly.

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 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 "C" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). The Developer has not conducted a reserve study in accordance with HRS 514A-83.6 and the replacement reserve rules Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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 (see page 20)
Exhibit _____ contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated (see page 20)
Exhibit _____ contains a summary of the pertinent provisions of the escrow agreement.
- Other None filed as Developers do not presently intend to sell the
apartments at this time.

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

- A) *There is a material change in the project which directly, substantially, and adversely affects* (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5602 filed with the Real Estate Commission on January 7, 2005.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

Disclosure regarding selection of Real Estate Broker:

The Developer does not presently intend to sell the apartments, but to retain them as personal residences.

Note: Unit 2 is currently described as a shed; and the Developer has reserved the right to replace the shed with a residential dwelling. Thereupon, the Developer may sell Unit 2, as replaced.

However, in the event the Developer decides to sell, Developer shall prior to entering into a binding contract for such sale, the Developer shall: (1) submits to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report, and (3) provide a copy of the Escrow Agreement together with a summary of the pertinent provisions of the escrow agreement.

Owner/Developer discloses that DALE A. MOORE, is also the general contractor of Dale A. Moore, Dba Dale Moore General Contractor, Hawaii Registration License No. BC18674.

Patricia Moore, wife of Dale Moore, is the principal broker of Moore Real Estate.

Notice to Tenants: There are no tenants.

Effect of Flood Zone on Unit 1:

The flood zone affects the construction requirements of Unit 1. In this case the bench mark elevation shown on the Condominium Map is 15.62 feet; and, the velocity elevation of Unit 1 is 16 ft. Based thereon, Unit 1 is built one foot above the bench mark elevation.

CHAPTER 672E of the Hawaii Revised Statutes contains important requirements you must follow before you may file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your home or facility. **NINETY DAYS** before you file your lawsuit or other action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law and failure to follow them may negatively affect your ability to file a lawsuit or other action.

- 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.

DALE ALAN MOORE
 Printed Name of Developer

By: *Dale Alan Moore* 6.22.04
 Duly Authorized Signatory* Date

By: *Patricia Moore* BY: *Don Roland Cowell*
 PATRICIA MOORE DON ROLAND COWELL

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

**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"

COMMON ELEMENTS

The common element will include the limited common elements and all other portions of the land and improvements other than the apartment, the land on which it is located and all elements mentioned in the Condominium Property Act which are actually constructed on the land herein described, and specifically shall include, but are not limited to:

- a) Land herein described in Exhibit "A" [attached to the Declaration] in fee simple.
- b) Project's boundary walls and fences, if any.
- c) All electrical equipment, wiring and other appurtenant installations, including power and light, water, sewer and gas lines; all pipes, wires, conduits or other utility or service lines, including TV cable, or solar heating system, if any, which are utilized by or serve more than one building.

END OF EXHIBIT "A"

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. Taxes and assessments, general and special, for the fiscal year 2004-2005, County of Honolulu, as follows:

| | | | |
|------------------|----------|-----------------|-------------|
| Tax Map Key | : | (1) 5-7-003:070 | |
| 1st Installment: | \$552.75 | | Marked Paid |
| 2nd Installment: | \$552.75 | | Marked Paid |

2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. GRANT OF EASEMENT dated February 5, 2003 and recorded in the Bureau of Conveyances as Document No. 2003-023536 in favor of HAWAIIAN ELECTRIC COMPANY, INC., and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, now known as VERIZON HAWAII INC., granting an easement for wire line purposes.
4. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, dated July 28, 1981 and filed as Land Court Document No. 1080139 and also recorded in the Bureau of Conveyances in Liber 15747, Page 144. Said Declaration was amended by instruments:

| <u>DATED</u> | <u>LAND COURT DOC NO.</u> | <u>LIBER</u> | <u>PAGE</u> |
|--------------------|---------------------------|--------------|-------------|
| July 3, 1984 | 1247596 | 18024 | 605 |
| September 10, 1984 | 1257263 | 18142 | 426 |

[Not noted on Transfer Certificate(s) of Title referred to herein]

5. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described hereinabove.
6. Matters in an instrument that, among other things, contain or provide for easements, assessments, liens and their subordination; provisions relating to partition, restrictions on severability of component interest, covenants, conditions

and restrictions, provision that no violation thereof and no enforcement of any lien provided for therein shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in the DECLARATION OF CONDOMINIUM PROPERTY REGIME of "KAWELA KAI HOMES", dated November 21, 2003 and recorded as Document No. 2004-183469 and filed as Land Court Document No. 3162857.

8. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "KAWELA KAI HOMES", dated June 22, 2004 and recorded as Document No. 2004-183470 and filed as Land Court Document No. 3162858.
9. Condominium Map No. 3833 filed in the Bureau of Conveyances and Condominium Map No. 1662, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
10. MORTGAGE dated September 3, 2004, recorded as Document No. 2004-185557 and filed as Land Court Document No. 3163886 in favor of FIRST HAWAIIAN BANK, a corporation organized and existing under the laws of Hawaii.
11. FINANCING STATEMENT (UCC-1) recorded as Document No. 2004-185558 in favor of FIRST HAWAIIAN BANK, a Hawaii corporation.

EXHIBIT "C"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

THERE ARE NO COMMON ELEMENTS

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL

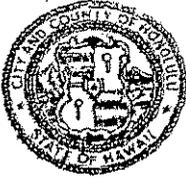
I, DALE ALAN MOORE, ~~as agent for and/or employed by~~ _____,
 the ~~condominium managing agent~~ developer for the
 "KAWELA KAI HOMES" _____ condominium project, hereby certify that the
 above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in
 accordance with generally accepted accounting principles.

Dale Alan Moore
 Signature

6.22.04
 Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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



CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET HONOLULU, HAWAII 96813
Phone: (808) 523-4505 * Fax: (808) 527-6111

PAID RECEIPT
BUSINESS ACTUAL TIME DRG
7/10/2003 7/09/2003 11:09:06 1

BUILDING PERMIT

FOR THE PERFORMANCE OF WORK UNDER THE BUILDING ELECTRICAL, PLUMBING, AND SIDEWALK CODES CHAPTERS 16, 17, 19, AND 20, RESPECTIVELY, AND UNDER CHAPTER 18 (FEES AND PERMITS) OF THE REVISED ORDINANCES OF THE CITY AND COUNTY OF HONOLULU
REG DT01 WALKIN PA PA
RECEIPT # 067073 7/09/2003 OFLN
DATE 9019 6238 BUILDING
FISCAL YR: 2004 FUND: 110 GENERAL FUND
Receipt Tot \$2,280.00
2,280.00 OK .00 CA

LOCATION

Table with 4 columns: Zone, Section, Plat, Parcel. Values: 5, 7, 003, 070

57-473 - KAM HWY
11,500 Sq. Ft.

\$2,280.00

PERMIT FEE

Type of Payment(s)

Cash
Check X
Charge

Site Address (if other than primary):

PROJECT: (BP #551540) [TMK: 57003070] DALE A MOORE---NEW TWO STORY SINGLE FAMILY DWELLING

Accepted Value of Work: \$180,000

TYPE OF WORK

New Building Y

Electrical Work Y

Plumbing Work Y

RIGHT OF WAY WORK

Driveway: New: Existing: X Private:

Sidewalk Types:

Curbing Types:

Driveway Types:

Linear Ft. of Sidewalk:

Linear Ft. of Curbing:

Linear Ft. of Driveway:

Please notify this office at least 24 hours before starting work in the Right-Of-Way. Phone: 523-4276

GENERAL CONTRACTOR

MOORE DALE A, dba DALE MOORE
GENERAL CONTRACTOR
Contact Info: 927-0404
Lic. No.: BC-18674

NOTES

DATE ISSUED: 07/09/2003

Location Permit Issued: HMB

Location Application Created: HMB

Permission is hereby given to do above work according to conditions hereon and according to approved plans and specifications pertaining thereto, subject to compliance with ordinances and laws of the City and County of Honolulu and State of Hawaii.

FOR DIRECTOR OF DEPARTMENT OF PLANNING AND PERMITTING

THIS PERMIT MUST BE POSTED IN A CONSPICUOUS PLACE ON THE SITE DURING THE PROGRESS OF WORK. THIS PERMIT MAY BE REVOKED IF WORK IS NOT STARTED WITHIN 180 DAYS OF DATE OF ISSUANCE OR IF WORK IS SUSPENDED OR ABANDONED FOR 120 DAYS.

ELECTRICAL AND PLUMBING WORK TO BE DONE BY LICENSED PERSONS AS REQUIRED UNDER CHAPTER 448 E, HAWAII REVISED STATUTES.

ALL CONSTRUCTION UNDER THIS BUILDING PERMIT IS SUBJECT TO INSPECTION BY THE BUILDING OFFICIAL. IT SHALL BE THE DUTY OF THE PERSON DOING THE WORK AUTHORIZED BY THIS PERMIT TO NOTIFY THE BUILDING OFFICIAL THAT THE WORK IS READY FOR INSPECTION.

THE FOLLOWING ARE THE INSPECTORS ASSIGNED TO INSPECT THE CONSTRUCTION UNDER THIS PERMIT AND THEIR TELEPHONE NUMBERS:

Building Inspector
Name: WAYNE YOSHIMOTO
Office No.: (808) 523-4277
Cellular No.: (808) 222-5427

Electrical Inspector
Name: EARL SHIRAKI
Office No.: (808) 523-4392
Cellular No.: (808) 222-2509

Plumbing Inspector
Name: CLINTON HIGASHI
Office No.: (808) 523-4398
Cellular No.: (808) 220-3406

APPLICATION NO.: A2003-06-0106

JobID: 18086900
ExternalID: 018086900-001

PERMIT NO.: 551540

EXHIBIT "D"

DISCLOSURE ABSTRACT

"KAWELA KAI HOMES"
(Condominium Project)

DATE: January 6, 2005

- I. PROJECT: "KAWELA KAI HOMES"
51-473 Kamehameha Highway
Kahuku, Hawaii 96731
TMK NO: (1) 5-7-003:070
- II. Developer/Owners: DALE ALAN MOORE and PATRICIA MOORE, h/w
and DON ROLAND COWELL, husband of Peggy
Ann Cowell
Mailing Address: 2186 Round Top Drive
Honolulu, Hawaii 96822
Phone: (808) 946-9202
Real Estate Broker: None
Escrow Company: Old Republic Title and Escrow
98-211 Pali Momi, Suite 535
Aiea, Hawaii 96707
Tel: (808) 483-0130
General Contractor: Dale A. Moore,
Dba Dale Moore General Contractor
License No. BC18774
59-235 Ke Nui Road
Haleiwa, Hawaii 96712
Cell: (808) 927-0404
- III. MAINTENANCE FEES: See attached Exhibit "C".
- IV. WARRANTIES:
- A) BUILDING and Other Improvements:
Unit 1: One year warranty on workmanship from Notice
of Completion
Unit 2: Developer reserves the right to replace said
shed with a residential dwelling, and amend
the Declaration and Map accordingly.
- B) APPLIANCES: Unit 1: Refrigerator and Dishwasher
Unit 2: Unfurnished
All new appliances will have one year warranties from
date of purchase.

DISCLOSURE ABSTRACT

"KAWELA KAI HOMES"
(Condominium Project)

DATE: January 6, 2005

- V. MIXED USED PROJECT; Residential & Hotel:
YES [] (Number of Apartments in each category) NO [X]
A. Residential N/A
B. Hotel N/A
- VI. COMMERCIAL OR NON-RESIDENTIAL DEVELOPMENT:
YES [] NO [X]

Page 2 and Last

END OF EXHIBIT "E"

OWNER'S NOTICE OF
COMPLETION OF CONTRACT
Dale Moore
Patricia Moore

AFFIDAVIT OF PUBLICATION

1ST CIRCUIT COURT
STATE OF HAWAII
FILED

2005 FEB 15 AM 11:48

M. LIVICA
CLERK

STATE OF HAWAII }
CITY AND COUNTY OF HONOLULU } ss.

Ronald Sugimoto being
duly sworn, deposes and says, that he is the Clerk
of the HAWAII HOCHI, LTD., publisher of THE
HAWAII HOCHI, a daily newspaper published in
the City and County of Honolulu, State of Hawaii,
that the ordered publication in the above entitled
matter of which the annexed is a true and correct
printed notice, was published two time(s)
in THE HAWAII HOCHI, aforesaid, commencing
on the 5th day of February, 2005,
and ending on the 12th day of February,
2005 (both days inclusive), to wit on
February 5, 12, 2005

and that affiant is not a party to or in any way
interested in the above entitled matter.

Ronald Sugimoto

Subscribed and sworn to before me this 14th day
of February, A.D. 2005

Mark Nishioka

Notary Public of the First Judicial Circuit,
State of Hawaii

My Commission expires

October 16, 2007

OWNER'S NOTICE OF
COMPLETION OF CONTRACT
Notice is hereby given that pur-
suant to the Provisions of Section
507-43 of the Hawaii Revised Stat-
utes, as amended, the construction
by owner/builder of that certain
single family residence situated at
57-473 Kamehameha Hwy., tax key
1-5-7-003-070, Kahuku, Hawaii, has
been completed.
Dale Moore
Patricia Moore
(owners)
(Hawaii Hochi: February 5, 12, 2005)

L. N. 05-1-0218