



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 1010 Richards Street - P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

KAHALUU COUNTRY ESTATES
 47-155 & 47-157 Okana Rd.
 Kaneohe, Oahu, Hawaii 96744

Registration No. 2281 (Partial Conversion)

Issued: October 22, 1990
 Expires: November 22, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 11, 1990, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
-
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

NOTE: Upon obtaining title to the property, the Developer has agreed to record two amendments to the Declaration of Condominium Property Regime and By-Laws which will do the following:

(1) Establish the Developer's right to add land and four apartments to the project. See Paragraph E.2 of Part II of this public report.

(2) Correct the descriptions of the existing apartments to show Apartment No. 1 as having ten rooms and Apartment No. 2 as having seven rooms.

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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 Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 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 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.

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/tenant) 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. The 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.

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. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Garage (sf) *	Lanai/Patio (sf)	Total (sf) *
1	1	4/2.5	1,440	528	-0-	1,968
2	1	3/1.5	1,418	560	75	2,053
3	1	-0-	144	-0-	-0-	144 (SHED)

Total Apartments: 3 Apartment #3 is a shed.

**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.

6. Parking:

	<u>Number of Stalls</u>	
Assigned Stalls (Individual Units)	_____	(NOTE: Apartments 1 and 2 each contains a two (2) car garage. Apartment 3 contains open parking areas or stalls.)
Guest Stalls	_____	
Unassigned Stalls	_____	
Extra Stalls Available for Purchase	_____	
Other: _____	4	
Total Parking Stalls	<u>4</u>	

7. Recreational amenities:

None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: AM DEVELOPMENT, INC.
Name
1164 Bishop Street, Suite 902
Business Address
Honolulu, Hawaii 96813

Phone: 533-4126
(Business)

Names of officers or general partners of developers who are corporations or partnerships:

ALAN D. BROWN President/Secretary/Treasurer
MICHAEL D. BROWN Vice President

Real Estate Sales Agent: TURN KEY PROPERTIES, INC.
Name
1164 Bishop Street, Suite 902
Business Address
Honolulu, Hawaii 96813

Phone: 533-4126
(Business)

Escrow: SECURITY TITLE CORPORATION
Name
315 Uluniu Street, Suite 201-A
Business Address
Kailua, Hawaii 96734

Phone: 263-8891
(Business)

Managing Agent: Self-managed by the Association
Name of Apartment Owners

Business Address

Phone: _____
(Business)

Attorney for Developer: DAMON KEY BOCKEN LEONG KUPCHAK (CHARLES W. KEY)
Name
1600 Pauahi Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

**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.

- 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 - Book _____ Page _____
 Filed - Land Court - Document Number 1749346

Amendment date(s) 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 Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 800

Amendment date(s) 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 way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Book _____ Page _____
 Filed - Land Court - Document Number 1749347

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.

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

The House Rules for this condominium are:

- Proposed Adopted
- Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>100%</u>
Bylaws	65%	<u>66-2/3rds%</u>
House Rules	---	_____

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

Developer is reserving the right to amend the Declaration of Condominium Property Regime and By-Laws to add to the existing project four (4) condominium apartments to be situated on that certain adjoining parcel of land known as Lot 410-B having an area of 9.728 acres, as shown on Map 102 filed in the Office of the Assistant Registrar of the Land Court with Land Court Application No. 979. In the event the Developer does add these four (4) apartments to this project, then the project will contain a total of seven (7) apartments, and each apartment shall have an undivided one-seventh interest in the common elements of the project. See EXHIBIT A.

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 Subleasehold:** Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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.

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.

Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The 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; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

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:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled 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 cancelled or foreclosed.

B. Underlying Land:

Address: 47-155 and 47-157 Okana Rd. Tax Map Key: (1) 4-7-37-3
Kaneohe, HI 96744 (TMK)

Address TMK is expected to change because _____

Land Area: 8.319 square feet acre(s) Zoning: Country and Restricted Preservation (P-1)

Fee Owner: AM DEVELOPMENT, INC.
Name
1164 Bishop Street, Suite 902
Address
Honolulu, HI 96813

Sublessor: n/a
Name
Address

C Buildings and Other Improvements:

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

2. Buildings: 3 Floors Per Building Apt. 1 & 3 - 1 floor
Apt. 2 - 2 floors
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Gypsum board, wood studs, wood doors, aluminum window frames,
glass windows.

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input checked="" type="checkbox"/> Other: <u>Any lawful use.</u>			<u>3</u>

5. Special Use Restrictions:

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

Pets See EXHIBIT B.

Number of Occupants: _____

Other: See EXHIBIT B.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 3

Elevators -0-

Stairways -0-

Trash Chutes -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Garage (sf) *</u>	<u>Lanai/Patio (sf)</u>	<u>Total (sf) *</u>
<u>1</u>	<u>1</u>	<u>4/2.5</u>	<u>1,440</u>	<u>528</u>	<u>-0-</u>	<u>1,968</u>
<u>2</u>	<u>1</u>	<u>3/1.5</u>	<u>1,418</u>	<u>560</u>	<u>75</u>	<u>2,053</u>
<u>3</u>	<u>1</u>	<u>-0-</u>	<u>144</u>	<u>-0-</u>	<u>-0-</u>	<u>144 (SHED)</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

**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 of the apartments are separate buildings. Apartments #1 and #2 are buildings intended for residential use, and Apartment #3 is a small shed. Each of the apartments has a separate land area that is a limited common element appurtenant to the apartment.

Permitted Alterations to Apartments:

Alterations, renovations and additions can be made to Apartments #1 and #2 with the prior written approval of the Board of Directors, and alterations to Apartment #3 can be made without the approval of the Board of Directors. See EXHIBIT C.

7. Parking Stalls:

(NOTE: Apartments 1 and 2 each contains a two (2) car garage. Apartment 3 contains open parking areas or stalls.)

Total Parking Stalls: 4

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)							
Guest							
Unassigned							
Extra Available for Purchase							
Other:	4						
Total Covered & Open	4						

Each apartment will have the exclusive use of at least _____ 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
- Recreation Area
- Tennis Court
- Other: _____
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

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

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

Based on a report prepared by an independent Hawaii licensed architect the Developer believes that the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium appear to be consistent with age of the improvements. THE DEVELOPER MAKES NO REPRESENTATIONS AS TO THE EXPECTED USEFUL LIFE OF STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM. See EXHIBIT D

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

Based on the report prepared by the City & County of Honolulu Building Department the Developer believes the project was in compliance with all ordinances, codes, rules, regulations or other requirements in force at the time of its construction. No variance had been granted from any ordinance, code, rule, regulation or other requirement in force at the time of the project's construction or from any current ordinance, code, rule, regulation or other requirement.

See EXHIBIT E

10. 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 intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit F describes the common elements.

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 are:

described in Exhibit F

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often 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.

Exhibit _____ describes the common interests for each apartment.

As follows: Each apartment has an undivided thirty-three and one-third percent (33-1/3rd%) appurtenant interest in all of the common elements of the project.

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit G describes the encumbrances against the title contained in the title report dated July 24, 1990 and issued by Security Title Corporation .

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It 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 prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
There are 2 mortgages against the land, and the Developer is acquiring the property under Agreement of Sale. See EXHIBIT G for details.	There would be a termination of the Buyer's contract to acquire the apartment and the Escrow Agent would refund Buyer's funds.

F. **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 managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial 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 managing agent for this condominium is:

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

G. Estimate of Initial Maintenance Fees:

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

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

Exhibit H contains a schedule of maintenance fees and maintenance fee disbursements.

H. 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:

- | | |
|--|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |
| <input checked="" type="checkbox"/> Not applicable | |

I. 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 - See EXHIBIT I

2. Appliances: None - See EXHIBIT I

J. Status of Construction and Estimated Completion Date:

Developer has completed certain renovations to Apartments #1 and #2.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

Developer is reserving the right to amend the Declaration of Condominium Property Regime and By-Laws to add to the existing project four (4) condominium apartments to be situated on that certain adjoining parcel of land known as Lot 410-B having an area of 9.728 acres, as shown on Map 102 filed in the Office of the Assistant Registrar of the Land Court with Land Court Application No. 979. In the event the Developer does add these four (4) apartments to this project, then the project will contain a total of seven (7) apartments, and each apartment shall have an undivided one-seventh interest in the common elements of the project.

L. 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 I contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated June 28, 1990.

Exhibit J contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. A prior owner of the land upon which Kahaluu Country Estates is situated granted a license over the driveway on the land in favor of the adjoining parcel of land known as Lot 410-B, and further agreed to grant an easement of perpetuity subject only to the approval of the City and County of Honolulu. At the time the Grant of License was executed, a Grant of Easement was also executed, which has not been filed in the Office of the Assistant Registrar of the Land Court. In addition, a Road Maintenance Agreement was executed by the prior owner and the owner of Lot 410-B, whereby all parties agreed to contribute to the maintenance of the roadway. A copy of this Road Maintenance Agreement can be obtained from the Developer.

2. A waterline exists near the southeast boundary line of the land, which is an encroachment. The Developer is not concerned about this encroachment, because he does not believe the encroachment affects the market value of the land in that it is in an area that is not used for any purpose other than open space.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer 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:

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

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

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Apartment Deed, Condominium Map and Survey

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 2281 filed with the Real Estate Commission on July 27, 1990.


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

yellow paper stock

white paper stock

pink paper stock

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



PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

DEVELOPER'S (SELLER'S) RIGHT TO MODIFY THE DECLARATION, ETC.

The following exception and reservation is set forth in the Declaration of Condominium Property Regime of Kahaluu Country Estates giving the Developer power to grant easements, etc.:

SUBJECT ALSO, to, and excepting and reserving unto AM Development, Inc. all rights-of-way, reservations, and easements shown on the Condominium Map or heretofore or hereafter granted, conveyed, leased or required to construct, install, operate, maintain, repair and replace lines and other transmission facilities and appurtenances for roads, sidewalks, access, electricity, gas, telephone, water, sewer, drainage, radio and television signal distribution and other services and utilities over, across and under said property, the right to enter for such purposes, and to trim any trees in the way of such lines and the right to convey, grant or lease to any public utility, governmental authority, the Association, State of Hawaii, City and County of Honolulu, Board of Water Supply, or in favor of land in the general vicinity of the land being hereby

submitted to the Condominium Property Regime, or other corporation or entity such easements, reservation, roads, sidewalks, access rights and rights-of-way under the terms and conditions required by the grantee or lessee for such rights; provided, however, that such easements, rights and rights-of-way must be exercised in such manner as to not unreasonably interfere with the use of the land being hereby submitted to the Condominium Property Regime, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements, rights and rights-of-way, the premises shall be promptly restored by and at the expense of the person owning and exercising such easement rights to the condition of the premises immediately prior to the exercise thereof.

SPECIAL USE RESTRICTION

The following provisions are set forth in the By-Laws of the Association of Apartment Owners of Kahaluu Country Estates:

Section 4. Use of Project - House Rules. The following shall constitute the initial house rules for the Project, and the Board of Directors, upon giving notice to all apartment owners in the same manner as herein provided for notice of meetings of the Association and opportunity to be heard thereon, may adopt additional rules or amend or repeal any rules and regulations governing details of the operation and use of the common elements not inconsistent with any provision of law, the Declaration or these By-Laws.

(a) All common elements of the project shall be used only for their respective purposes as designed.

(b) No apartment owner or occupant shall place, store or maintain within or upon the driveway any furniture, packages or objects of any kind or

otherwise obstruct transit through such common elements.

(c) The road or driveway shall be used for ingress and egress purposes only, and no vehicle shall be left unattended on the driveway within the Project.

(d) Children shall not be permitted to play on the roadway.

(e) Every apartment owner and occupant shall at all times keep his apartment and condo lot neat and clean and in a strictly clean and sanitary condition, and each apartment owner and occupant shall observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the Project.

(f) All occupants shall avoid making noises and using musical instruments, radios, televisions, and amplifiers in such manner as may disturb other occupants.

(g) A condo lot shall not be used for the repair or maintenance of any type of vehicle or equipment and no derelict vehicles or boats or other equipment will be permitted within the condo lot.

(h) Livestock, poultry, rabbits and other similar animals in reasonable number may be kept by

the apartment owners and occupants within their respective condo lots with the prior written approval of the Board of Directors but shall not be kept, bred or used therein for any commercial purpose.

(i) Dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants within their respective condo lots but shall not be kept, bred or used therein for any commercial purpose.

PERMITTED ALTERATIONS TO APARTMENTS

The following provisions are set forth in the Declaration of Condominium Property Regime of Kahaluu Country Estates:

Alteration of Project. Except as otherwise provided in this paragraph, restoration or replacement of the Project or of any building, or construction of any additional building or structural alteration or addition to any structure, any of which is different in any material respect from said Condominium Map, shall be undertaken by the Association only pursuant to an amendment of this Declaration, and in accordance with complete plans and specifications therefor first approved in writing by the Board and also by the mortgagees of record as shown in the Association's record of ownership, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

Notwithstanding any other provision herein contained, new structures and buildings and other improvements, restorations or rebuilding of improvements within an apartment or alterations or additions within or to an apartment or within a limited common element appurtenant to and for the exclusive use of such apartment, may be done without an amendment to this Declaration or the filing of a set of floor plans of the Project as so altered, but all such work must be in compliance with all statutes, ordinances and governmental rules and regulations and shall not adversely affect use of the driveway or any of the other common elements. Any such construction within Apartment No. 1 or Condo Lot 1 or within Apartment No. 2 or Condo Lot 2 shall require the prior written approval of the Board of Directors, but any such construction within Apartment No. 3 or Condo Lot 3 may be done without the approval of the Board of Directors.



JAMES MATICHUK, AIA

ARCHITECT

377 Keahole St., Suite #6153
Honolulu, Hawaii, 96825
(808) 737 - 7969 Office
(808) 395 - 6972 Facsimile
(808) 395 - 6676 Resid.

July 16, 1990

Mr. Alan Brown
AM Development, Inc.
1164 Bishop Street, Suite 902
Honolulu, Hawaii 96813

RE: CONDOMINIUM CONVERSION PROJECT AT TMK: (1) 4-7-37-3

Dear Mr. Brown:

In accordance with your request, I made an inspection of the above noted property on July 12, 1990.

The following report is a professional opinion based on the physical inspection of visible elements in reasonably accessible areas, as they appeared at the time of the inspection. The purpose of the inspection was to describe the present condition of all structural components and mechanical and electrical installations, material to the use and enjoyment of the condominium. The following opinions contain no warranty expressed or implied.

CONDOMINIUM APARTMENT #1

The structure generally appears to be in sound condition and the floor plans are accurately drawn. The mechanical and electrical installations appear to be in working conditions consistent with their age.

The concrete driveway in front of the structure has a 1.5 to 2 inch crack across it. The Cesspool is within 3 ft. of the wall of the structure. Sec. 11-62-32 shows the required spacing as 5 ft.

CONDOMINIUM APARTMENT #2

The structure other than in the areas indicated herein appears to be in sound condition and the floor plans are accurately drawn.

The CMU wall acting as a retaining wall for the garage floor slab and driveway and wall extending up to carry the main living area at the front of the lot has numerous crack in it. It is difficult to determine how recent the crack occurred because the wall has recently been repainted, but from all other indications the cracks appear to have occurred when the house was initially constructed and the settlement and/or slippage appears to have stabilized. The concrete garage floor slabs and the concrete driveway has some cracking in it which appear to be consistent with the movement in the wall.

The mechanical and electrical installations appear to be in working condition and consistent with their age.

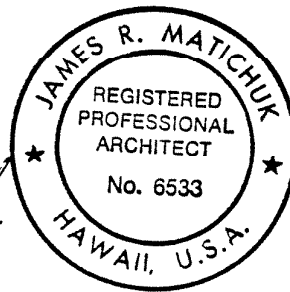
Page 2
Mr. Alan Brown
AM Development, Inc.
1164 Bishop Street, Suite 902
Honolulu, Hawaii 96813

CONDOMINIUM APARTMENT #3

The structure generally appears to be in sound condition and consistent with the age of the structure.

Yours truly,
James Matichuk Architects
Hawaii Architects Inc.

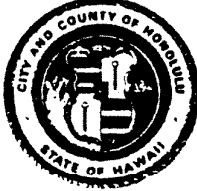
James Matichuk
James Matichuk, AIA



BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

FRANK F. FASI
MAYOR



HERBERT K. MURAOKA
DIRECTOR AND BUILDING SUPERINTENDENT

Ex90-48

April 26, 1990

Mr. Alan Brown, President
AM Development, Inc.
1164 Bishop Street, Suite 902
Honolulu, Hawaii 96813

Dear Mr. Brown:

Subject: Condominium Conversion Project
47-157, 47-155 Okana Road
Tax Map Key: 4-7-37: 03

This is in response to your letter dated March 2, 1990 requesting confirmation that the one-story single-family dwelling and the two-story single-family dwelling met all applicable code requirements at the time of construction.

Investigation revealed that the one-story dwelling with two all-weather off-street parking spaces and the two-story dwelling with two all-weather surface off-street parking spaces met applicable code requirements when they were constructed between 1973 and 1976.

No variances or special permits were granted to allow deviations from any applicable codes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at 527-6341.

Very truly yours,

A handwritten signature in black ink, appearing to read "Herbert K. Muraoka".

HERBERT K. MURAOKA
Director and Building Superintendent

Subscribed and sworn to
before me this 26th day of
April, 1990.

A handwritten signature in black ink, appearing to read "E. K. J. J. J.".

Notary Public, First Judicial Circuit
State of Hawaii
My commission expires: June 21, 1991

EXHIBIT "E"

DESCRIPTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

COMMON ELEMENTS:

(1) The land described in Exhibit "A" of the Declaration of Condominium Property Regime (the Land) in fee simple and all appurtenant rights;

(2) The road or driveway (driveway) within and across the Land and appurtenant improvements for said road or driveway;

(3) All ducts, electrical equipment, wires, piping and other central and pertinent transmission facilities, installations over, under and across the Land which serves more than one apartment for services such as power, light, water, gas, drainage, sewer, telephone and radio and television signal distribution.

LIMITED COMMON ELEMENTS:

(1) The separate land area designated "Condo Lot 1"* as shown on said Condominium Map is a limited common element appurtenant to Apartment 1.

(2) The separate land area designated "Condo Lot 2"* as shown on said Condominium Map is a limited common element appurtenant to Apartment 2.

(3) The separate land area designates "Condo Lot 3"* as shown on said Condominium Map is a limited common element appurtenant to Apartment 3.

(4) The easement area designated A under over and across Condo Lots 1 and 2 appurtenant to Apt 3 for utility purposes.

(5) The easement area designated A under over and across Condo Lot 1 appurtenant to Apt 2 for utility purposes.

(6) All ducts, electrical equipment, wires, piping and other central and pertinent transmission facilities, installations over, under and across the land described in Exhibit "A" of the Declaration of Condominium Property Regime which serves one apartment for services such as power, light, water, gas, drainage, sewer, telephone and radio and television signal distribution now existing and which may hereafter be reasonably required by one of the condominium apartments for normal ownership and use of any such apartment.

(7) All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

*NOTE: The land area denoted as "Condo Lot" does not represent legally subdivided lots.

DESCRIPTION OF ENCUMBRANCES

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. The right of Dillingham Bros., Limited, at any time to change the location of said easements, roadways, or rights of way, other than the Kamehameha Highway, provided Dillingham Bros., Limited furnishes the owners of said pieces of lands affected by such change with equally suitable easements, roadways, or rights of way, to those already existing and hereby provided of the same width at least as the existing roadways, easements or rights of way, and if any dispute shall arise between Dillingham Bros., Limited and the owners of the lands affected by such change as to the suitability of the new easements, roadways, or rights of way, such dispute shall be submitted to and settled by a Judge of the Land Court of the State of Hawaii, as noted on Transfer Certificate of Title No. 334,257.
3. Nothing herein contained shall be construed as determining the rights to water and/or easements for irrigation ditches in favor of Dillingham Bros., Limited, and/or any of the parties interested in the lands covered by Transfer Certificate of Title No. 47,043, as noted on Transfer Certificate of Title No. 334,257.
4. Easement 45 (10 feet wide), as shown on Map 38, as set forth by Land Court Order No. 10323, filed May 9, 1951.
5. Restrictive covenants as contained in:

DEED

Dated: August 30, 1955
Document No. 178506
to which reference is hereby made

6. **MORTGAGE**

Mortgagor: Stuart Marshall Cowan and Jane Alison Cowan,
husband and wife
Mortgagee: GECC Financial Corporation, a Hawaii
corporation
Dated: July 19, 1985
Document No. 1311609
Book: 18801
Page: 542
To Secure: \$100,000.00
and any additional advances and other amounts
secured thereby, all according to the terms of
that certain promissory note of said
mortgagor(s) therein referred to
(also affects other property)

7. **GRANT OF LICENSE**

In Favor Of: Duarte & Sons Plumbing, Inc., a Hawaii
corporation
Dated: Undated
Document No. 1657579
Purpose: An easement in perpetuity for driveway
purposes over, under, across and through the
land herein described

8. **MORTGAGE**

Mortgagor: Jane Alison Cowan, also known as Jane Alison
Averill, no marital status shown
Mortgagee: American Savings Bank, F.S.B., a federla
savings bank, which is organized and existing
under the laws of the United States of America
Dated: August 21, 1989
Document No. 1661292
To Secure: \$118,000.00
and any additional advances and other amounts
secured thereby, all according to the terms of
that certain promissory note of said
mortgagor(s) therein referred to

9. Any unrecorded or unfiled leases, subleases or rental agreements and any liens, charges or exceptions against any lessees, sublessees or tenants named therein.

10. **AGREEMENT OF SALE**

Seller: James Alison Cowan, also known as Jane Alison Averill, unmarried
Purchaser: AM Development, Inc., a Hawaii corporation
Dated: February 26, 1990
Document No. 1708838
Sales Price: \$372,000.00

11. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF HORIZONTAL PROPERTY REGIME OF "KAHALAU COUNTRY ESTATES", and the By-Laws attached thereto:

Dated: June 19, 1990
Document No. 1749346

Condominium Map No. 800, to which reference is hereby made.

EXHIBIT H

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

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
1	\$97.00 x 12 = \$1,164.00
2	\$97.00 x 12 = \$1,164.00
3	\$97.00 x 12 = <u>\$1,164.00</u>
	TOTAL: <u><u>\$3,492.00</u></u>

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 x 12 months = Yearly Total

Utilities and Services

Air Conditioning n/a
Electricity n/a
[] common elements only
[] common elements
and apartments
Gas n/a
Refuse Collection n/a
Telephone n/a
Water and Sewer n/a

Maintenance, Repairs and Supplies

Building n/a
Grounds \$190.00 x 12 = \$2,280.00
Driveway \$ 10.00 x 12 = \$ 120.00
Management n/a
Management Fee n/a
Payroll and Payroll Taxes n/a
Office Expenses n/a

Insurance \$ 60.00 x 12 = \$ 720.00

Reserves \$ 10.00 x 12 = \$ 120.00

Taxes and Government Assessments \$ 11.00 x 12 = \$ 132.00


Audit Fees \$ 10.00 x 12 = 120.00

Other n/a

TOTAL \$291.00 x 12 = \$3,492.00

I/We, AM DEVELOPMENT, INC., as Developer, ~~as~~
~~managing agents~~ for the 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.

AM DEVELOPMENT, INC.

By 
Alan D. Brown, its President
Date: July 24, 1990

SUMMARY OF SALES CONTRACT

The Developer intends to use a standard Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract. The following is a special Addendum to the DROA:

ADDENDUM TO DEPOSIT RECEIPT, OFFER AND ACCEPTANCE

SPECIAL CONDITIONS:

The following is an addendum to that certain Deposit Receipt, Offer and Acceptance dated _____, 19____ and attached hereto, by and between AM DEVELOPMENT, INC., as Seller, and _____, as Buyer(s), for the sale and purchase of that certain condominium Apartment No. _____ of the condominium project known as KAHALUU COUNTRY ESTATES.

Buyer and Seller hereby agree to the terms and conditions contained in the above designated agreement as well as the following additional special conditions:

1. This is a condominium project established by Declaration of Condominium Property Regime dated _____, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. _____.

2. Buyer shall be given a copy of all condominium public reports issued by the Real Estate Commission on this project.

3. Any provisions hereof to the contrary notwithstanding, it is agreed that this contract shall not become binding upon the Seller or Buyer until:

(a) A true copy of the real estate commission's final report on the Project has been delivered to the Buyer, either personally or by registered or certified mail with return receipt requested, together with a true copy of all other public reports thereon, if any, that are still effective and which were issued prior to the date of such delivery and not previously delivered to the Buyer;

(b) The Buyer has been given an opportunity to read the reports; and

(c) The Buyer (i) executes the form of the receipt and notice which is set forth in Subsection (d) of § 514A-62 of the Condominium Property Act; and (ii) waives his right to cancel; provided that if the Buyer does not execute and return the receipt and notice within thirty days from the date of delivery of such reports, or if the Apartment is conveyed to the Buyer prior to the expiration of such thirty-day period, the Buyer shall be deemed to have accepted for the reports and to have waived his right to cancel.

In the event Seller or Buyer should cancel this contract before it becomes binding upon both the Seller and Buyer, Buyer shall be entitled to the return of all of Buyer's funds; however, the payment of interest to Buyer shall only be in accordance with the provisions of the agreement between the Buyer and Escrow, and if Buyer should terminate, Buyer will have to pay any escrow cancellation fees and other costs charged by Escrow, up to

\$250.00. In the event the contract is cancelled under the provisions of this paragraph, both parties shall be released from all obligations with respect to this contract.

4. NO WARRANTIES. Seller hereby discloses to Buyer that the house and other improvements of the Project were constructed in the early 1970's or prior thereto. Under these circumstances, Seller hereby advises Buyer that an express condition of this agreement is that Buyer is accepting the house and other improvements "as is" and "where is" without any warranties of any kind as to the physical condition of the improvements. Buyer is advised to engage a contractor or home inspector or other expert to assist Buyer in evaluating the physical condition of the house and other improvements on the Project. Seller did make certain renovations, and Seller agrees, to the extent legally possible, that the Buyer may enforce any warranties from contractors, suppliers of appliances, carpets or flooring materials, but Buyer agrees and acknowledges that Seller shall have no obligation or responsibility in connection with any such warranties of others.

5. NO OTHER WARRANTIES. OTHER THAN AS STATED ABOVE, THE BUYER(S) ACKNOWLEDGE AND AGREE THAT THE SELLER HAS MADE NO EXPRESS WARRANTIES OF ANY KIND AND THAT SELLER HEREBY EXPRESSLY DISAVOWS AND EXCLUDES ANY IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS AND/OR HABITABILITY.

6. NO CONSEQUENTIAL DAMAGES, AND LIMITATION ON RECOVERIES. Buyer(s) waive any claim against Seller for consequential damages, including any claims for emotional distress or loss of use of the apartment or any other improvement(s) on or to the Property, and agree that the warranty excludes consequential damages and is limited solely to the cost of repair or replacement.

7. LIMITED TIME FOR FILING SUIT. Seller and Buyer(s) agree that any suit concerning or relating to this contract or to the building or any other improvement on or to the Property must be filed no later than two (2) years from the date the apartment owner(s) acquires title to his apartment, or be forever barred.

8. POWER TO ADD LAND AND APARTMENTS. Seller hereby reserves the right to amend the Declaration of Condominium Property Regime and By-Laws to add to the existing project four (4) condominium apartments to be situated on that certain adjoining parcel of land known as Lot 410-B having an area of 9.728 acres, as shown on Map 102 filed in the Office of the Assistant Registrar of the Land Court with Land Court Application No. 979. In the event the Seller does add these four (4) apartments to this project, then the project will contain a total of seven (7) apartments, and each apartment shall have an undivided one-seventh percent (1/7th%) interest in the common elements of the project. Seller must exercise his right under this paragraph prior to December 31, 1994, or same shall terminate and be void.

9. DISCLOSURE OF AGENCY. Seller hereby discloses that the Principal Broker for the Project, ALAN D. BROWN, of Turn Key Properties, Inc., owns Fifty Percent (50%) of the outstanding corporate stock of the Seller.

BUYER(S):

_____/_____
Date
_____/_____
Date

SELLER:

AM DEVELOPMENT, INC.

By _____/
Its _____ Date

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement between the Developer and Security Title Corporation sets up an arrangement under which the payments which a purchaser makes under 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 purchasers know when payments are due.

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

(c) The Escrow Agreement sets forth the conditions that must be met before disbursement of a Buyer's funds.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.