

# READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This report is prepared and issued by the developer of this subdivision. It is not prepared or issued by the Federal Government.

Federal Law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot on this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you receive this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two years from the date of signing.

Name of subdivision: Hilo Hillside Estates (Phases 1-3)

Name of Developer: Moaniala Holdings LLC

Date of this report: January 20, 2023

Initial/Date: \_\_\_\_\_

Initial/Date: \_\_\_\_\_

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In this Property Report, the words "you" and "your" refer to the buyer. The words "we", "us" and "our" refer to the developer.

## RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program, and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact will depend upon the location, size, planning, and extent of development. Subdivisions, which adversely affect the environment, may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

### WARNINGS

THROUGHOUT THE PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.



## GENERAL INFORMATION

This report covers 140 agricultural-residential lots located in the Hilo Hillside Estates Subdivision, South Hilo, Hawaii County, Hawaii. See Page 32 for a listing of these lots. No additional lots are planned for the Subdivision at this time.

The lots covered by this report consist of Phases 1-3 of the master planned community known as "Hilo Hillside Estates." For purposes of this report, the Hilo Hillside Estates master-planned community is referred to as the "Project."

The Developer of this Subdivision is:

Moaniala Holdings LLC  
280 Ponahawai Street, Suite 100  
Hilo, Hawaii 96720  
(808) 935-1007

THE AREA IN WHICH THIS SUBDIVISION IS LOCATED MAY BE AFFECTED BY NATURAL DISASTERS LIKE EARTHQUAKES AND VOLCANIC ERUPTIONS. SEE PAGE 23 OF THIS PROPERTY REPORT FOR A DISCUSSION OF THIS SITUATION

## **TITLE TO THE PROPERTY AND LAND USE**

### **GENERAL INSTRUCTIONS**

A person with legal title to property generally has the right to own, use and enjoy the property. A contract to buy a lot may give you possession but doesn't give you legal title. You won't have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the Subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording and title insurance.

### **METHOD OF SALE**

#### **Sales Contract and Delivery of Deed**

In connection with the purchase of a lot, you will sign a purchase contract, and upon acceptance of your purchase contract by the Developer, you will pay an initial deposit, with the balance of the purchase price payable in cash at closing of the purchase and sale of the lot. As a cash purchaser, you will receive a general warranty deed at closing, within 180 days of the date you sign the purchase contract.

#### **Type of Deed**

The transfer of legal title will be accomplished by general warranty deed free and clear of all monetary liens and encumbrances, except for real property taxes not yet due and payable.

#### **Oil, Gas and Mineral Rights**

The mineral and metallic rights to all lots in this Subdivision will not belong to the purchaser of those lots. They are reserved in favor of the State of Hawaii. The exercise of these rights could affect the use, enjoyment and value of your lot.

### **ENCUMBRANCES, MORTGAGES AND LIENS**

The Lots in the Subdivision are currently subject to that certain First Mortgage, Security Agreement and Financing Statement in favor of James J. Pappas, Trustee of the James J. Pappas Trust dated April 11, 1988 ("Mortgage"), dated December 31, 2020, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. A-77510800, as amended by First Amendment to First Mortgage, Security Agreement and Financing Statement dated March 16, 2022, and recorded in said Bureau as Document No. A-81110895 ("Mortgage"), and that certain Financing Statement made by Moaniala Holdings LLC, as Debtor, and James J. Pappas, Trustee of the James J. Pappas Trust dated April 11, 1988, recorded on March 22, 2021, recorded in said Bureau as Document No. A-77510763.

Provided that the Seller has satisfied all of the conditions set forth in that certain Memorandum of Mutual Understanding and Agreement, effective as of February 18, 2022, by and between the Seller and the Mortgagee, as may be amended ("Agreement"), the Mortgagee will release each Lot, as it is sold and closed, from the collateral described in the Mortgage. The release provisions in the Mortgage may be exercised only by the Seller. Therefore, if the Seller defaults on the Agreement or the Mortgage before obtaining a release on a Lot, a purchaser of such Lot may lose the Lot and all monies paid for it if the monies are released from or paid outside of escrow prior to closing. In the event that the Seller defaults under the Agreement or the Mortgage or the Mortgage is foreclosed prior to conveyance of a Lot to a purchaser, the Mortgagee will have the option of completing the Subdivision, but is not required to do so. If the Mortgagee elects not to complete the Subdivision, the purchaser's sales contract may be terminated at the Mortgagee's option and the purchaser will be entitled to a refund of deposits held in escrow, if any, and to exercise the purchaser's rights under the sales contract against the Seller.

## **RECORDING THE CONTRACT AND DEED**

### **Method or Purpose of Recording**

The purchase contract you sign evidencing your interest in purchasing a lot does not contain official acknowledgments and will not be recorded. Hawaii law does not require that purchase contracts be recorded, and since it is not a common practice in Hawaii, we will not record the purchase contract. Under Hawaii law, recording a purchase contract places third parties on notice that the subject property is under contract for sale.

The deed you receive at such time as the transaction is closed will be recorded. It is the responsibility of the title or escrow agent to record the deed. You will be responsible for the cost of recording the deed. Under Hawaii law recording a deed protects you from a claim by a third person against us after the date of recording.

UNLESS YOUR CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OR ANYONE HAVING AN INTEREST IN THE LAND.
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### **Title Insurance**

We will deliver to you an ALTA Owner's policy of title insurance policy ("Title Policy") at such time as the closing of the transaction takes place and a deed is delivered to you. You are responsible for 60% of the premium for the Title Policy and the cost of any additional coverage or any coverage required by your lender. We recommend that a professional interpret any title policy issued.

## **PAYMENTS**

### **Escrow**

Your initial deposit will be placed in escrow until such time as the closing of the transfer of the deed takes place. Other than your initial deposit, you will make no installment payments prior to closing. The name and address of the escrow agent is as follows:

Title Guaranty Escrow Services, Inc.  
235 Queen Street  
Honolulu, Hawaii 96813  
(808) 521-0211

We do not have a financial interest in and to or any controlling interest over or with the escrow agent, Title Guaranty Escrow Services, Inc.

In the event we fail to convey title to you or default under any obligation which would result in the loss of your money prior to closing, you will be entitled to a refund of all of your payments from the escrow agent.

### **Prepayments**

All sales will be for cash, which means that you will make full payment of the balance of the purchase price of the lot at closing. Accordingly, there are no prepayment penalties or privileges.

### **Default**

If you default in making any payment when required or fail to perform any other obligation required under the purchase contract, and fail to cure such default within ten (10) days after we notify you of the default, we may terminate the purchase and all amounts, including any earned interest, which you have paid under the purchase contract will belong to us as liquidated damages. If we default under the purchase contract, and fail to cure such default within twenty (20) days after you notify us of the default, you may either terminate the purchase contract, or seek specific performance of the purchase contract. If you elect to terminate, you will be entitled to a full refund of all amounts deposited by you under the purchase contract and interest computed at the rate of 15% per year. If you seek specific performance, you will not be entitled to recover any damages from us in any such proceeding.

Any dispute relating to the purchase contract or the Subdivision between you and us which is raised or asserted after the closing of your purchase of a lot, must be submitted to mediation, and if necessary, to binding arbitration.

## RESTRICTIONS ON THE USE OF YOUR LOT

### Restrictive Covenants

A. Hilo Hillside Estates Declaration of Covenants, Conditions and Restrictions, as the same has been or may be amended and supplemented ("Declaration").

The Subdivision is annexed under the Declaration, which has been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. T-8053268.

Certain provisions of the Declaration, as discussed below, require you to secure permissions, approvals or take certain actions before using or selling your lot. However, this discussion will only highlight certain areas of the Declaration and should not be a substitute for your careful study of the Declaration.

1. All improvements to any lot in the Subdivision must comply with the provisions of the Declaration and the Hilo Hillside Estates Design Guidelines ("Design Guidelines"). Section 5.2 of the Declaration contains provisions for the architectural control over all properties within the Subdivision. Before constructing any improvements on your lot, or making any modifications, additions, or alterations to any existing structures, units, or open space appurtenant thereto, you must have the plans and specifications approved by the Declarant or the Design Review Committee ("DRC"), whose members are appointed by the Declarant initially, then the Board of Directors ("Board") of the Hilo Hillside Estates Community Association, Inc. ("Association"). The Declarant will have exclusive jurisdiction over all original construction and modifications, additions, and alterations to any existing structures, units, or open space on or within any portion of the Subdivision until the Declarant delegates all or a portion of this authority to the DRC or the Declarant's rights under Article V or the Declaration terminates. Variances from the Design Guidelines may be authorized when circumstances, such as topography, natural obstructions, hardship, or aesthetic or environmental considerations, require. The inability to obtain approval of any government agency, any necessary permit, or particular financing is not considered a hardship warranting a variance. A copy of the Design Guidelines will be provided to you.

2. Section 3.2 of the Declaration authorizes the Board to make and enforce rules and regulations in addition to those contained in the Declaration and to impose reasonable fees for the use of certain facilities of the Association.

~~3. Section 5.4 of the Declaration sets forth that the construction on a lot in the Subdivision shall commence no later than three (3) years after the date of approval of the final submission required by the Design Guidelines and shall be completed within five (5) years of commencement.~~

Initial \_\_\_\_\_

Initial \_\_\_\_\_

4. The entire Project is being designed and developed as an agricultural-residential subdivision, with all lots to be used for farm dwellings and other agricultural purposes to the fullest extent permitted by the Declaration and applicable law. It is Seller's intention that each owner of a lot shall control, to the maximum extent possible, and as permitted by all relevant laws, ordinances and regulations, the Agricultural Uses within such

owner's lot in accordance with the Declaration. A minimum of fifty-one percent (51%) of each lot shall be reserved for Agricultural Uses (the "Agricultural Lot Easement"). Each lot in the Project will be divided into two components: (i) a specific area ("Building Envelope"), which is that portion of the lot reserved for the building of a Dwelling and all related Improvements, and (ii) an area designated as a natural area ("Natural Area"), which shall be utilized as open space or for Agricultural Uses. The portion of the lot designated as the Agricultural Lot Easement may be expanded into the Natural Area as necessary to comply with federal, state, or local laws and regulations.

B. Other Restrictions

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. Easement (40 feet wide), as shown on Map 7, as set forth by Land Court Order No. 9816, filed September 12, 1950 (affecting Lots 446 to 452, 454 and 455).
3. Easement "2" (15 feet wide) for electric transmission line purposes, as shown on Map 19, as set forth by Land Court Order No. 38920, filed December 28, 1973.
4. Grant of Easement dated July 8, 1974, in favor of Hawaii Electric Light Company, Inc., filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 695348, affecting Easement "2".
5. Easement "208", as shown on Map 73, as set forth by Land Court Order No. 104144, filed October 8, 1991.
6. Easement "250", for drainage and slope purposes, as shown on Map 94, as set forth by Land Court Order No. 142185, filed June 4, 2001 (affecting Lots 406, 407, 455 to 461).
7. Easement "251", for slope purposes, as shown on Map 94, as set forth by Land Court Order No. 142185, filed June 4, 2001 (affecting Lot 455).
8. Agreement dated June 5, 2009, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3873552, between Moaniala Holdings, LLC, a Hawaii limited liability company and County of Hawaii re: affordable housing requirements.
9. Restriction of Vehicular Access Rights as shown on Map 109, as set forth by Land Court Order No. 188684, filed October 4, 2011, as amended (affecting Lots 406, 455 to 461).
10. Easement "302", for drainage purposes, as shown on Map 109, as set forth by Land Court Order No. 188684, filed October 4, 2011.



11. Easement "303", for drainage purposes, as shown on Map 109, as set forth by Land Court Order No. 188684, filed October 4, 2011.
12. Easement "304", for drainage purposes, as shown on Map 109, as set forth by Land Court Order No. 188684, filed October 4, 2011.
13. Grant of Easement dated February 13, 2013, in favor the County of Hawaii, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. A-48000573, granting Easements "302" and "303" for drainage purposes.
14. Grant of Easement dated August 28, 2017, in favor of Hawaii Electric Light Company, Inc., recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. T-10208294, granting an easement for utility purposes.
15. Grant of Easement dated August 28, 2017, in favor of Hawaii Electric Light Company, Inc., recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. T-10224341, granting a right and easement for utility purposes.

A complete copy of these restrictions is available upon request.

### **Easements**

There are easements affecting lots in this offering that may have an effect on the lot use plans of some individual lot owners. A description of the type of easement, the size of that easement and the lots affected is as follows:

#### **C. Easements Affecting All Lots.**

1. All lots in the Subdivision will be subject to the Declaration. You are advised to read the Declaration in its entirety for an understanding of the particular provisions relating to such easements, restrictions, rights and obligations. In particular, you should also be aware that the Declaration provides for certain easements, restrictions and other rights and obligations which are intended to facilitate the complete development of the Project for the overall benefit of all owners, such as:
  - a. Section 8.3 (Right of Declarant to subject portions of the Project to additional covenants and easements by way of a supplemental Declaration);
  - b. Section 10.1 (Easements in Common Area);
  - c. Section 10.2 (Reciprocal easement of encroachment on lots and Common Area for unintentional placement or settling or shifting of improvements and for maintenance of such improvements);

- d. Section 10.3 (Easement for the installation and maintenance of utilities);
- e. Section 10.4 (Easement to Declarant over the Common Area for the purpose of enjoyment, use, access and development of the property that may be annexed to the Project pursuant to Section 8.1 (Annexation by Declarant) or any adjoining property that is or may be owned by Declarant, whether or not such property is made subject to the Declaration;
- f. Section 10.5 (Easement for the purpose of maintenance and for emergency, security, safety and enforcement reasons);
- g. Section 10.6 (Right of Declarant to inspect, monitor, test and correct any structure or improvement on the property);
- h. Section 10.7 (Easement for access to Historical Sites);
- i. Section 10.8 (Easement for maintenance of lots);
- j. Section 10.9 (Easement for drainage and flowage purposes affecting all lots);
- k. Section 10.10 (Association Easement describing permitted activities); and
- l. Section 11.4 (Right of Department of Water Supply, County of Hawaii for ingress and egress to maintain the water system).

D. Easements Affecting Certain Lots.

- 1. Phase 1 Lots:
  - a. Drainage easements (affecting Lots 1, 2, 3, 4, 5, 17, 18, 19, 20, 22, 26, 27, 28, 29, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, and 48).
  - b. Utility easements (affecting Lots 11, 16, 19, 21, 22, 25, 27, 28, 30, 31, 32, 33, 37, and 40).
  - c. Road easements (affecting Lots 43 and 44).
  - d. No vehicular access/planting screen easements (affecting Lots 5, 11, 25, and 56)
- 2. Phase 2 Lots:
  - a. Drainage easements (affecting Lots 4, 6, 7, 18, 23, 53 and 65)



- b. Utility anchor easements (affecting Lots 4, 19, 20, 23, 25, 26, 37, 38, 41 and 56)
  - c. Access/utility easements (affecting Lots 7, 18, 22, 27, 35, 39, 40, 44, 46, 47, 48, 49, 50, 51, 53, 62, and 64)
  - d. No vehicular access/planting screen easements (affecting Lots 10, 35, 36, 37, 42, and 43)
  - e. Access/utility/utility anchor easements (affecting Lots 43, 45, 52, 54, 58, 59, 61, and 63)
  - f. No vehicular access/planting screen/landscape/wall/postal mail box easement (affecting lot 65)
  - g. Warning siren setback easements (affecting Lots 5, 6, 8, and 9).
3. Phase 3 Lots:
- a. No vehicular access/planting screen easements (affecting Lots 5, 6, 11, 12, 13, 14, 15, and 21).
  - b. Utility anchor easement (affecting Lot 13).
  - c. Access/utility easements (affecting Lots 6, 11, and 17).

The Developer reserves for itself, so long as the Developer owns any property described in Exhibit A of the Declaration, to grant and record easements over the lots as set forth in Sections 10.3(a) and 10.3(b) of the Declaration, subject to the restrictions set forth in Section 10.3(c) of the Declaration. By executing a purchase contract you will consent to the Developer's exercise of such right and agree to join in any and all documents and proceedings necessary to accomplish the delineation and granting of such easement(s).

E. Other

1. Road Lots 57-61, inclusive, 67-73, inclusive, and 22-25, inclusive, within the Phase 1, 2 and Phase 3 of the Subdivision, respectively, as shown on the maps attached as Tab 2 provide access to all lots and connects Phase 2 and 3 of the Subdivision with the Puainako Street Extension, a public roadway. The Developer has connected Phase 2 of the Subdivision with Puainako Street Extension and West Kawaiiani Street, both public roadways. The Road Lots within Phase 2 may be connected to and serve State lands located adjacent to the Project as well as possible future phases of the Project. The Developer has connected Phase 3 of the Subdivision with Puainako Street Extension, a public roadway. Road Lots 57-61, inclusive, 67-73, inclusive, and 22-25, inclusive have been dedicated to the County of Hawaii as public roadways.

Initial \_\_\_\_\_  
Initial \_\_\_\_\_

2. Each lot will be subject to liens which may be granted in favor of the Association as described in the Declaration. Initial \_\_\_\_\_

None of the lots in this offering are subject to a flood control or flowage easement. Initial \_\_\_\_\_

## **PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT**

### **Plats**

The plats for Project have received final approval from the County of Hawaii. The plats are filed as Map 109 in the Office of the Assistant Registrar of the Land Court to the State of Hawaii with Land Court Application No. 1205 of the Cooke Trust Company, Limited. The State of Hawaii has issued a final order of registration (S-1179) for the lots in Phases 1, 2 and 3.

The description of the lots in the Project in this Property Report is legally adequate for the conveying of the lots.

### **Zoning**

The entire Hilo Hillside Estates project ("Project") of which the Hilo Hillside Estates, Phase 2 and Phase 3 subdivision (the "Subdivision") are a part, is located within the State Land Use Agricultural District and is subject to Hawaii Revised Statutes Chapter 205 (the "State Land Use Law"). Under the State Land Use Law any residences located within the Agricultural District must qualify as farm dwellings under the State Land Use Law. Farm dwellings include single-family dwellings located on and used in connection with a farm, or where agricultural activity provides income to the family occupying the dwelling.

The Project is designated as Rural on the County of Hawaii General Plan Land Use Pattern Allocation Guide Maps. This General Plan designation allows for a mix of small farms, wooded areas, and open fields as well as residences, commercial facilities that serve the residential and agricultural uses in the area, and community and public facilities.

County of Hawaii Change of Zone Ordinance No. 08-115, effective September 10, 2008, amended County of Hawaii Rezoning Ordinance No. 93-3 which changed the zoning of the Project from Agricultural (A-20a), (A-10a) and (A-3a) to Residential and Agricultural (RA-1a) ("Zoning Ordinance"). No community development plan has been adopted by the County of Hawaii for the area in which the Project is located.

The Project is not located within the Special Management Area and development is not subject to HRS Chapter 205A and the Special Management Area Rules and Regulations for the County of Hawaii.

All proposed lots in the Project will be developed in accordance with applicable land use and zoning regulations and ordinances. All owners must comply with the provisions of all applicable laws of the County of Hawaii ("County") and the State, including the State Land Use Law as well as the Zoning Ordinance.

All owners must also comply with the provisions of the Hilo Hillside Estates Declaration of Covenants, Conditions and Restrictions filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii on January 19, 2012 and recorded as Document No. T-8053268, as it may be amended (the "Declaration"), which governs portions of the Project. In the event of any conflict or inconsistency between the County ordinances or the State laws and the Declaration, the more restrictive provision will control if it does not violate applicable County ordinances or State laws.

The entire Project is being designed and developed as an agricultural-residential subdivision, with all lots to be used for farm dwellings and other agricultural purposes to the fullest extent permitted by the Declaration and applicable law. It is Seller's intention that each owner of a lot shall control, to the maximum extent possible, and as permitted by all relevant laws, ordinances and regulations, the Agricultural Uses within such owner's lot in accordance with the Declaration. A minimum of fifty-one percent (51%) of each lot shall be reserved for Agricultural Uses (the "Agricultural Lot Easement"). Each lot in the Project will be divided into two components: (i) a specific area ("Building Envelope"), which is that portion of the lot reserved for the building of a Dwelling and all related Improvements, and (ii) an area designated as a natural area ("Natural Area"), which shall be utilized as open space or for Agricultural Uses. The portion of the lot designated as the Agricultural Lot Easement may be expanded into the Natural Area as necessary to comply with federal, state, or local laws and regulations.

Copies of the State Land Use Law and the Zoning Ordinance are available from us upon request. Although Seller will provide copies of the Zoning Ordinance for purchasers' convenience, we do not make any representations or warranties regarding the accuracy of the copies provided or the applicability of these instruments to the purchasers' use of land within the Project. We invite purchasers to review the State Land Use Law, the Zoning Ordinance and Hawaii County Code Chapter 25 (Zoning) ("Zoning Code") regarding zoning in their entirety and/or to consult an attorney or State or County officials as to their applicability to purchasers' use of lots in the Project. The State Land Use classification and County Zoning designations for the Project are shown on the maps attached as Exhibit 1710.208(d)(2)(a) and (b) to the Statement of Record.

### **Surveying**

At no cost to you, the boundaries of each lot within the Subdivision have been, or will be before closing, surveyed and marked for identification. However, any surveys required in accordance with submittals under the Design Guidelines are your responsibility.

### **Permits**

It is necessary for you to obtain a building permit before beginning construction on your lot. The building permit must be obtained from:

County of Hawaii  
Dept. of Public Works

101 Pauahi Street, Suite 7  
Hilo, Hawaii 96720

There are no other building permits necessary other than the building permit described above. However, as discussed in the paragraph entitled "Restrictive Covenants" on page 6, you must have the plans and specifications reviewed by us or the DRC before beginning the construction of the improvements.

#### **Environment**

No determination has been made as to the possible adverse effects the subdivision may have upon the environment and surrounding area.

## ROADS

In this part of the Property Report, we will discuss the roads that provide access to the Subdivision as well as the road system that will provide access to the individual lots within the Subdivision. We will describe for you any provisions that we have made regarding the construction of the roads, and we will also describe the steps that we have taken to provide for maintenance of the road system.

The County of Hawaii is not obligated to construct any public facilities within the Project.

### **ACCESS TO THE SUBDIVISION**

Phase 1: Road Lots 57-61 within Phase 1 provide access to all Phase I lots and connects the Subdivision with the Puainako Street Extension, a public roadway. The Developer has completed construction to dedicable standards and has dedicated Road Lots 57-61 to the County of Hawaii as public roadways.

Phase 2: Road Lots 67-73 within Phase 2 provide access to all lots and connects the Subdivision with the Puainako Street Extension, a public roadway, and West Kawaiiani Street, a public roadway. The Developer has completed construction to dedicable standards and has dedicated Road Lots 67-73 to the County of Hawaii as public roadways.

Phase 3: Road Lots 22-25 within Phase 3 provide access to all lots and connects the Subdivision with the Puainako Street Extension, a public roadway. The Developer has completed construction to dedicable standards and has dedicated Road Lots 22-25 to the County of Hawaii as public roadways.

### **ACCESS WITHIN THE SUBDIVISION**

Legal access to the lots in the Subdivision is provided over Road Lots 462-466 shown on the recorded plat ("Project Roadways").

Physical access by conventional automobile is provided to all lots in this offering as we have completed construction of the Project Roadways. None of the construction costs will be charged to you.

The status of construction of the Project Roadways as of the date of this report is as follows:

Unit	Estimated starting date (month/ year)	Percentage of construction now complete	Estimated completion date(month/year)	Present surface	Final surface
Phase 1	November 2010	100%	Complete	two lane roads with a 50 foot right of way, 20 foot wide asphalt	two lane roads with a 50 foot right of way, 20 foot wide asphalt
Phase 2	December 2019	100%	Complete	two lane roads with a 50 foot right of way, 20 foot wide asphalt	two lane roads with a 50 foot right of way, 20 foot wide asphalt
Phase 3	December 2019	100%	Complete	two lane roads with a 50 foot right of way, 20 foot wide asphalt	two lane roads with a 50 foot right of way, 20 foot wide asphalt

The Project Roadways have been dedicated to the County of Hawaii as public roadways. There will be no cost to you for the road maintenance of the Project Roadways, other than the taxes you pay in the community.

Maintenance for the roads will be provided in such a manner as to allow access to your lot on a year round basis.

In order to describe for you the relationship between the Subdivision and nearby communities, the following is a chart, which lists three nearby communities, one of which is the County Seat of the County in which the Subdivision is located.

Community Name	Population	Distance Over Paved Roads	Distance Over Unpaved Roads	Total
Hilo*	47,200	5 miles	0	5 miles
Kailua-Kona	25,447	95 miles	0	95 miles
Hawi	1,081	80 miles	0	80 miles

\*County Seat

## UTILITIES

In this section of the Property Report, we will discuss the utilities available to the Subdivision. In the cases of water, sewer, electricity, telephone and fuel or other energy sources, we will identify each supplier, if any, and describe for you the provisions for making these utilities available to your lot.

The County of Hawaii is not obligated to construct any public facilities within the Project.

### **WATER**

Potable water is provided to the individual lots in the Subdivision through the County of Hawaii, Department of Water Supply ("DWS") system, whose address is 345 Kekuaanoa St., Suite 20, Hilo, HI 96720.

Water to the Project will be available upon the DWS upgrading its water system by completing the Piihonua-Kukuau Reservoir and Transmission Improvements. Upon completion of such work by the County of Hawaii, the Developer will extend water service lines to the boundary of each lot and dedicate such lines to the County of Hawaii. The status of construction of the water transmission lines and facilities to install a water meter (to the roadway adjacent to each lot) as of the date of this report is as follows:

<b>Unit</b>	<b>Estimated starting date (month/year)</b>	<b>Percentage of construction now complete</b>	<b>Estimated service availability date (month/year)</b>
Phase 1	March 2011	100%	Available
Phase 2	December 2019	100%	Available
Phase 3	December 2019	100%	Available

The DWS is an semi-autonomous agency of the County of Hawaii and is not an affiliate or subsidiary of us. The DWS has indicated that it will be able to supply the anticipated population of the Subdivision. The water is tested at regular intervals and has been found to meet all drinking water standards of a public water supply.

The only permit required to be obtained by the us was the construction permit for the water transmission lines and facilities, which was obtained.

The construction cost of the potable water system will not be charged directly to you. Other than user fees, there is a charge to install a standard residential size meter and to initially connect water service. The amount of the charge will vary, depending upon the needs of the lot owner and the location of the house on the lot.



Because you will not be permitted to install an individual water system, you will not be able to use your lot for residential purposes until such time as water is available to your lot through the central water system.

## **SEWER**

The Project will not be served by County of Hawaii or private wastewater collection and treatment facilities. The State of Hawaii Department of Health has specifically approved the use of individual wastewater systems for each lot in the Subdivision, provided that (i) the lot is at least one (1) acre in size and has only one (1) dwelling unit, and (ii) the individual wastewater system services a maximum of five (5) bedrooms or bedroom type rooms. The installation of such individual wastewater systems is regulated by the Wastewater Branch of the State Department of Health, 2827 Waimano Home Road, #207, Pearl City, Hawaii 96782.

Prior to occupancy of the lot, you will be required to install, at your expense, an individual wastewater system, consisting of a septic tank and absorption bed type system, which is capable of handling all waste from the Dwelling, accessory structures and lot. You will be required to thereafter maintain such individual wastewater system. Such individual wastewater system shall be constructed in accordance with all applicable federal, State and County laws, rules, regulations and ordinances.

Prior to constructing your individual wastewater system, you will need to obtain a permit from the Environmental Management Branch of the State Department of Health, located at 919 Ala Moana Boulevard, #300, Honolulu, Hawaii 96813. Testing of the lot is not required for issuance of the permit. The estimated cost of designing, permitting and installing an individual wastewater system averages between \$10,000.00 and \$15,000.00, but will likely increase with time.

No holding tanks are to be used in the individual wastewater systems.

The Developer has no knowledge that: (i) permits for the installation of individual on-site systems have been denied; (ii) that there has been unsatisfactory percolation tests or that systems have not operated satisfactorily in the Subdivision.

## **ELECTRICITY**

The name and address of the entity providing electrical service to the Subdivision is:

Hawaii Electric Light Co Inc. (HELCO)  
P.O. Box 29570  
Honolulu, Hawaii 96820

The electrical service will be provided throughout the Subdivision. The status of construction of the electrical service lines (to the roadway adjacent to each lot) as of the date of this report is as follows:



Unit	Estimated starting date (month/year)	Percentage of construction now complete	Estimated service availability date (month/year)
Phase 1	June 2011	100%	Available
Phase 2	December 2019	100%	Available
Phase 3	December 2019	100%	Available

HELCO will be responsible for the maintenance of the electrical lines. You will not be responsible for any of the construction costs relating to the installation of electric service lines to the boundary of your lot. However, you will be responsible for the installation of electrical lines within your lot and dwelling. Your cost will vary, depending upon your needs and the location of your dwelling. Assuming a 40 foot setback of the house from the roadway, the cost to connect the electrical and telephone lines to the house is currently estimated at approximately \$600.00 per lot, but will likely increase with time. Electrical service will be available in approximately three to four weeks from the date you request service from HELCO.

**TELEPHONE**

The name and address of the entity providing telephone service to the Subdivision is:

Hawaiian Telcom  
 1177 Bishop Street  
 Honolulu, Hawaii 96813

Initial \_\_\_\_\_

Initial \_\_\_\_\_

The status of construction of the infrastructure improvements, including telephone lines (to the roadway adjacent to each lot) as of the date of this report is as follows:

Unit	Estimated starting date (month/year)	Percentage of construction now complete	Estimated service availability date (month/year)
Phase 1	June 2011	100%	Available
Phase 2	December 2019	100%	Available
Phase 3	December 2019	100%	Available

You will not be responsible for any construction costs in connection with the construction of the telephone main service lines. You will be responsible for the cost to extend the telephone lines and service from the facilities located within the abutting roadway to and throughout the dwelling you construct on your lot. Your cost will vary, depending upon your needs and the location of your dwelling. Assuming a 40 foot setback of the house from the roadway, the cost to connect the electrical and telephone lines to the

house is currently estimated at approximately \$600.00 per lot, but will likely increase with time.

#### **FUEL OR OTHER ENERGY SOURCE**

We have not provided for natural gas, or any other alternate energy source, to be available in the Project. Electricity will be the primary source of energy for heating and cooking in the Project.

Lot Purchasers may, at their own expense, construct and install a propane storage tank and pipe line connecting the tank to their home; provided however, that no propane storage tank may be visible from the roadways within the Project. Lot Purchasers can contract directly with The Gas Company, 945 Kalaniana'ole Street, Hilo, Hawaii 96720, for delivery of propane to their home.

## FINANCIAL INFORMATION

The information discussed in this section of the Property Report will focus on the financial information relating to the Landowner.

A copy of our unaudited financial statement for the year ending December 31, 2021 is available from us upon request. A copy of our interim unaudited financial statement ending June 30, 2022 is available from us upon request.

## LOCAL SERVICES

Under this topic, we will discuss the availability of fire and police protection, the location of schools, medical care and shopping facilities.

### **FIRE PROTECTION**

Fire protection is available on a year round basis from:

County of Hawaii  
Fire Department  
Hilo, HI  
Miles: 3.8 miles

### **POLICE PROTECTION**

Police protection is available from:

County of Hawaii  
Police Department  
Hilo, HI  
Miles: 3.2 miles

### **SCHOOLS**

Elementary, junior high and senior high schools are available. The school name, community name and location in terms of miles to the school are as follows:

Kapiolani Elementary School (grades K-5) (public)  
Hilo, HI  
Miles: 3.7 miles

Hilo Union School (grades K-5) (public)  
Hilo, HI  
Miles: 3.7 miles

E'Makaala School (PK-4)(private)  
Hilo, HI  
Miles: 3.6 miles

Kamehameha Schools Hawaii (K-12)(private)  
Kaaui, HI  
Miles: 10.4 miles

Haili Christian School (PK-8)(private)  
Hilo, HI  
Miles: 3.7 miles

Hale Aloha Nazarene School (PK-7)(private)  
Hilo, HI  
Miles: 3.6 miles

St. Joseph Schools (P-12)(private)  
Hilo, HI  
Miles: 3.6 miles

Name and community location and miles to middle school:

Hilo Intermediate School (grades 6-8)(public)  
Hilo, HI  
Miles: 3.7 miles

Kamchamcha Schools Hawaii (K-12)(private)  
Keaau, HI  
Miles: 10.4 miles

Haili Christian School (PK-8)(private)  
Hilo, HI  
Miles: 3.7 miles

Hale Aloha Nazarene School (PK-7)(private)  
Hilo, HI  
Miles: 3.6 miles

St. Joseph Schools (P-12)(private)  
Hilo, HI  
Miles: 3.6 miles

Name and community location and miles to high school:

Hilo High School (grades 9-12) (public)  
Hilo, HI  
Miles: 3.7 miles

Kamchamcha Schools Hawaii (K-12)(private)  
Keaau, HI  
Miles: 10.4 miles

St. Joseph Schools (P-12)(private)  
Hilo, HI  
Miles: 3.6 miles

School bus transportation is available to the public schools.

## **HOSPITAL**

The name and location of the nearest hospital is

Hilo Medical Center Hospital  
1190 Waianuenue Avenue  
Hilo, HI 96720  
4.1 miles from the Project

Hilo Urgent Care Center  
670 Kekuanaoa St.  
Hilo, HI 96720  
Miles: 3.8 miles from the Project

## **PHYSICIANS AND DENTISTS**

The nearest physician's office is Hawai'i Island Community Health Center, located at 1178 Kinoole Street, 96720, approximately 3.2 miles from the Project. The nearest dentist's office is Kawili Dental Group, located at 50 West Kawili Street, #200, Hilo, Hawaii 96720, approximately 2.9 miles from the Project.

## **SHOPPING FACILITIES**

The nearest shopping facilities to the Project are located in the community of Hilo, HI approximately 2 to 4 miles from the Project:

Prince Kuhio Plaza  
111 E. Puainako Street  
Hilo, HI 96720  
Miles: 2.8 miles from the Project

Hilo Shopping Center  
1221 Kilauea Ave  
Hilo, HI 96720  
Miles: 2.8 miles from the Project

Puainako Shopping Center  
2100 Kaneolehua Ave  
Hilo, HI 96720  
Miles: 3.6 miles from the Project

## **MAIL SERVICE**

A. Mail service to the Project is provided through two mail box stations. Each house lot is assigned a mail box at one of the two stations and issued a set of mail box keys.

## **PUBLIC TRANSPORTATION**

Air transportation is available approximately 7 miles away at Hilo International Airport. Public ground transportation is available via Hawaii County Transit's Hele On Bus. A scheduled bus stop is available approximately 3.6 miles away at Prince Kuhio Plaza and Hilo Shopping Center, and University of Hawaii and Hawaii Community College approximately 2.3 miles away.

## **RECREATIONAL FACILITIES**

In this section of the Property Report, we will discuss the recreational facilities that will be provided substantially for your use. We will describe the facility itself, and provide you information regarding the construction and availability of the facilities as well as the estimated cost or assessment, if any, required permitting you to use the facility.

The Developer currently does not intend to provide any recreational facilities in the Project.



## **SUBDIVISION CHARACTERISTICS AND CLIMATE**

In this section of the Property Report, we will discuss the general topography, the characteristics of the land included in this offering and the climate of the area where the Project is located.

### **GENERAL TOPOGRAPHY**

A description of the general topography of the land in the Project is as follows: 170.62 acres of open land, sloping from a low pad elevation of 500 feet above sea level to a high pad elevation of 700 feet above sea level. The dominant slope is less than two percent.

Approximately 0% of the Project will remain as natural open space or as developed parkland.

None of the Lots in this offering have a slope of 20% or more. Building pads are graded level. Below grade improvements (e.g. pools or basements) may encounter underground lava tubes that will necessitate the use of special construction techniques.

### **WATER COVERAGE**

None of the lots are covered by water at any time.

### **DRAINAGE AND FILL**

Although not required prior to being used for the purpose for which they are being sold, some preliminary grading may be done by us on certain lots. You will be responsible for any fine grading for homesite development and to make provisions for lot drainage. Estimates for the cost of fine grading for any lot is highly speculative, but the range of such costs is estimated to be from \$10,000.00 to \$50,000.00 per lot.

### **FLOOD PLAIN**

The Hawaiian Islands' coasts are exposed to seismic sea waves, or tsunamis, from both distant earthquakes and local ones. Tsunami runups for various island locations have been documented. The Project is on an essentially uninhabited section of Hilo for which no historical tsunami data is available. In March 2013, the Federal Emergency Management Agency issued its Letter of Map Revision and the flood zone designation within the Project was removed. These areas, which are outside of the Special Flood Hazard Area, do not require flood insurance under NFIP regulations, although such insurance may still be required by a specific lender, depending on each lender's individual policies.

### **FLOODING AND SOIL EROSION**

Temporary erosion control measures, if required, will be implemented during the construction of the Subdivision, including the mulching and seeding of exposed areas and silt basins to trap sediments in runoff water. Permanent measures which will be implemented include sodding and seeding in areas of heavy grading or cut and fill along

with the construction of diversion channels, ditches, outlet channels, waterway stabilizers and sediment control basins. The program has been approved by the County of Hawaii and has been constructed along with the roadway improvements in the Project.

## **NUISANCES**

In Section 10.7 of the Declaration, the Declarant has reserved the right to grant and designate easements for purposes of preserving the historical sites located within the Subdivision and granting certain members of the general public access to these sites. Such sites and general public access granted to the sites may have a possible adverse effect on the use of your lot.

Ongoing construction activities for subdivision infrastructure improvements and homes will create noise and dust nuisances.

In addition, Caribbean or coqui tree frogs have established colonies in certain areas of the Island, and are considered a nuisance because of a high volume, high pitched sound, emitted typically at night. These frogs are difficult to eradicate. Prospective purchasers are advised to inspect the property, especially at dusk or at night to determine if there is any infestation.

## **HAZARDS**

The natural hazards that could have the greatest potential impact upon the physical character of the Project, aside from occasional storms and strong winds, are volcanic eruptions, tsunamis and earthquakes, and the conditions resulting there from, such as noxious or toxic fumes, other debris and flooding.

a. **HURRICANES.** The Project may be subject to hurricanes, which have hit the Island of Hawaii no more than two or three times in ten years.

b. **VOLCANIC ERUPTION.** Volcanic hazards in the area have been studied in detail. The Project is located on the easterly slope of Mauna Loa volcano. Since 1900, Mauna Loa has erupted 15 times, with eruptions lasting from a few hours to 145 days. The most recent volcanic eruption of Mauna Loa occurred in 1984. The lava flow advanced to within four (4) miles of Hilo before the three-week long eruption ended. Similar short-duration eruptions of Mauna Loa's northeast rift zone in 1852 and 1942 produced flows that came within about the same distance of Hilo. In 1855 a much longer eruption flowed within half a mile east of the upper Kaumana area on the western outskirts of Hilo. The 1881 flow underlies much of Kaumana and extends a half mile down slope of Komohana Street.

Volcanic hazard zones have been established for all of the Island of Hawaii. The Project is located within Lava Flow Hazard Zone 3 on Mauna Loa, which indicates that approximately 15% to 20% of the land in this zone has been covered in lava in the past 750 years and that there has been approximately 1% to 5% coverage in the past 200 years. These areas are less affected by rift activity and considered less hazardous than Zone 1 or Zone 2 because of greater distance from recently active vents and/or because the topography

makes it less likely that flows will cover these areas. Lot purchasers are advised to contact the U.S. Geological Survey for further information on this matter.

In addition, due to continuing volcanic activity at Kilauea Volcano on the Island of Hawaii, a volcanic haze referred to as "vog" persists during periods of eruption. Vog is caused by particles released from the volcano which drift in the atmosphere. Lot purchasers are advised that these volcanic emissions compromise air quality and may be hazardous to one's health. Occasionally, if episodes of lava fountaining combine with strong Kona (southwest) wind, small amounts of tephra (volcanic fragments such as ash, cinder and Pele's hair) may be carried by the wind as far as Hilo and may be a source of irritation to people with respiratory problems. Seller recommends that persons with pre-existing respiratory health problems consult their physician about whether the anticipated vog creates a health risk for them.

c. TSUNAMIS. The Hawaiian Islands' coasts are exposed to seismic sea waves, or tsunamis, from both distant earthquakes and local ones. Tsunami runups for various island locations have been documented. The Project is on an essentially uninhabited section of Hilo for which no historical tsunami data is available.

d. EARTHQUAKES. The island of Hawaii is seismically active and is in Seismic Zone IV of the Uniform Building Code. Although the most recent large earthquakes have taken place under the southern part of the island, a large earthquake offshore from Puako, roughly 54 miles southeast of the Project, occurred in 2006. Its magnitude was approximately 6.7, and its Modified Mercalli intensity at the site was estimated to be VII to VIII. This corresponds to ground motion causing damage ranging between negligible to slight in well-built structures and slight to considerable damage in ordinary substantial buildings. Hazard zones for the effect of earthquakes have not been established for the Island of Hawaii. Earthquakes associated with volcanic events occur regularly on the Island of Hawaii, although many are so small they can only be detected by instruments. For the most part, they are concentrated beneath Kilauea Volcano and Mauna Loa Volcano, particularly beneath the south flanks, and in the Kaoiki region between the two volcanoes. Based on historical data, earthquakes having a Richter Scale magnitude 5.5 to 6.6 have occurred in the Kaoiki region about once every 10 years. Since the Island of Hawaii is subject to continuing volcanic activity, lot purchasers should undertake appropriate design, engineering and construction measures to minimize potential risks which may be caused by seismic and volcanic events. These measures should include adherence to engineering design standards in accordance with County, State and federal laws, regulations and ordinances.

e. FIRE HAZARD RATING. The jurisdiction in which the Subdivision is located does not have a system for rating the land for fire hazards.

We are not aware of any other unusual safety factors or hazards, which affect the Subdivision, or of any proposed plans for construction, which may create a future nuisance or safety hazard.

In addition to the hazards listed above, Federal, State and/or local agencies have identified the general region in which the subdivision is located as being subject to the following frequently occurring natural hazards, as indicated below:

The County of Hawaii has adopted the County of Hawaii Multi-Hazard Mitigation Plan dated August 10, 2015 ("Mitigation Plan"). The Mitigation Plan has identified the following natural hazards as posing risk to the County of Hawaii: high windstorms, tropical cyclones and hurricanes, landslides and rockfalls, earthquakes, volcanic hazards, flows, tsunamis, flooding, dam failures, high surf, coastal erosion, droughts, wildfires, and hazardous materials. The Mitigation Plan is available for review at the following website:

<http://records.hawaiicounty.gov/Weblink/1/doc/80023/Page1.aspx>

In addition, the State of Hawaii also adopted a Multi-Hazard Mitigation Plan in 2018 which identifies of particular statewide concern: climate change and sea level rise, chronic coastal flood, dam failure, drought, earthquake, event-based flood, hazardous materials, health risks, high wind storm, hurricane, landslide and rockfall, tsunami, volcanic hazards, wildfire. The State of Hawaii Multi-Hazard Mitigation Plan is available for review at the following website:

<https://dod.hawaii.gov/hiema/files/2020/06/2018-State-HI-HMP-Update-100218.pdf>

## CLIMATE

	High	Low	Mean
Summer	84°	57°	70°
Winter	79°	54°	66°

Average rainfall: 9-14 inches (winter) 6-10 inches (summer)

Average snowfall: none

## OCCUPANCY

All homes within Phase 1 are occupied on a full-time or part-time basis as of the date of this Report.

No homes in Phase 2 or 3 are occupied on a full-time or part-time basis as of the date of this Report.

## ADDITIONAL INFORMATION

In this part of the Property Report, we will be describing the provisions that we have made for the establishment of a Property Owners' Association, the requirements for your payment of taxes and assessments. In addition, we will be describing other factors relating to the Subdivision, which are important for you to know prior to your purchase of your lot.

### **PROPERTY OWNERS' ASSOCIATION**

As described in the Declaration, under which the Subdivision will be annexed, a Property Owners' Association, known as the Hilo Hillside Community Association, Inc., has been formed (the capitalized terms set forth in this paragraph shall have the meanings ascribed to them in the Declaration).

The Declarant has the right to exercise control over the Association initially through the appointment of the Board of Directors. The Declarant has the right to appoint a majority of the Board of Directors and thus control the Association during the Class "B" Control Period, as designated in the Bylaws of the Association ("Bylaws"), which right will expire as follows:

- a. When ninety percent (90%) of the total number of lots in the Project have been conveyed to Class "A" Members and Final Inspection for a Dwelling thereon has been issued by the County of Hawaii; or
- b. December 31, 2050; or
- c. When, in the Declarant's sole discretion, the Declarant so determines.

In addition, after the Class "B" Control Period terminates, the Declarant has a veto power over all actions of the Board of Directors and any committee as provided in the Bylaws as long as the Class "B" membership exists.

Membership in the Association is mandatory, and there will be no non-member lot owners. Owners will be obligated to pay an annual assessment to the Association for each lot owned. Your base assessment initially will be approximately ~~\$2,400.00~~ per year per lot, which covers the Association's general operating cost. \$100 - \$200.00

Initial \_\_\_\_\_

Initial \_\_\_\_\_

The Declaration authorizes the Board of the Association to levy several types of assessments to fund different types of expenses that the Association may incur for the benefit of all or certain specific lots in the Subdivision. As a general matter, all assessments shall be paid in such manner and on such dates as may be fixed by the Board and, if the Board so elects, assessments may be paid in two or more installments. If you are delinquent in paying any assessments or other charges levied against your lot, the Board may revoke the privilege of paying in installments and require any unpaid installments of an annual assessment and/or any other assessments to be paid in full immediately. The Declaration authorizes the Board to levy the following types of assessments:



1. Section 7.14 of the Declaration authorizes the Board to levy Base Assessments against all lots to fund Common Expenses for the general benefit of all lots. All costs associated with the maintenance, repair and replacement of the Area of Common Responsibility, which includes all roadways owned by the Association, shall be a Common Expense to be allocated among all lots as part of the Base Assessment. The Declaration requires Base Assessments to be set at a level, which is reasonably expected to produce total income to the Association equal to the total budgeted Common Expenses, including reserves. Base Assessments are due and payable annually in advance on the first day of each fiscal year, unless otherwise determined by the Board, which has the authority to require that the Base Assessments be payable in installments. At least sixty days before the beginning of each fiscal year, the Board is required to prepare a budget covering the estimated Common Expenses of the Association during the coming fiscal year, including the amount to be generated through the levy of Base Assessments and Special Assessments. The Board must then send a copy of the final budget, together with a notice of the amount of the Base Assessment to be levied against each lot for the following year, to each Owner at least thirty days prior to the effective date of the budget. The budget and assessment shall become effective unless disapproved at a meeting by Members representing at least 75 % of the total Class "A" votes in the Association and by the Class "B" Member, if any. There is no obligation to call a meeting for the purpose of considering the budget except, upon the petition of the Members, at a special meeting called therefore pursuant to the By-laws, which petition must be presented to the Board within ten days after delivery of the budget and notice of assessment.
2. Section 7.16 of the Declaration authorizes the Board to levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Special Assessments may be levied against the entire membership; provided, however, that any such Special Assessment shall require the affirmative vote or written consent of Members representing more than 50% of the total votes allocated to Lots which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be paid in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.
3. Section 7.17 of the Declaration authorizes the Board to levy Specific Assessments against a particular lot as follows:
  - a. To cover the costs, including overhead and administrative costs, of providing services to lots upon the request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.12 of the Declaration). Specific Assessments for special services may be levied in advance of the provisions of the requested service; and
  - b. To cover costs incurred in bringing the lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the lot, their agents, contractors, employees, licensees, invitees or guests; provided the Board shall give the lot owner prior written notice and an opportunity

for a hearing, in accordance with the Bylaws, before levying any such Specific Assessment.

4. Pursuant to Sections 7.22 and 7.23 of the Declaration, upon acquisition of record title to a lot by the first owner thereof other than Declarant, a contribution fee (initially set at an amount not to exceed \$500.00) must be made by or on behalf of the purchaser to the working capital of the Association. Upon each subsequent transfer of record title, a transfer fee (initially set at an amount not to exceed \$500.00) must be made by or on behalf of the purchaser to the working capital of the Association. These amounts shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. These amounts shall be deposited with the Escrow Agent and disbursed therefrom to the Association for use in covering operating expenses and other expenses by the Association pursuant to the Declaration and the Bylaws.
5. Pursuant to the Bylaws, the Board is responsible for the levying and collection of all assessments and is required to deposit all monies received by the Association as assessments into a bank depository which it shall approve and shall use the proceeds to operate the Association; provided that any reserve fund may be deposited, in the Board's best judgment, in depositories other than banks. The Declaration does not require that the deposit accounts be federally insured or interest-bearing.

We anticipate that the current level of assessments, fees, charges and other income will provide the Association with the capability to meet its anticipated financial obligations, including operating costs, maintenance and repair costs, and reserves for replacement. If, however, the amount of assessments collected by the Association is insufficient, the Declarant may, but is not required to, pay a subsidy pursuant to Section 7.14 of the Declaration, to cover or reduce any such deficit.

The Association has powers and duties which include, but are not limited to, preparation and adoption of an annual budget, levying and collecting assessments, providing for the operation and maintenance of the common properties, hiring and firing personnel, making and amending rules and regulations, enforcing the provisions of the Declaration, the Bylaws and the Rules and Regulations of the Association, and keeping the books and records of the Association. The Declarant will exercise architectural control over all new construction within the Subdivision until the Declarant delegates all or a portion of this control to the Design Review Committee initially appointed by the Declarant, then the Board of Directors of the Association.

In order to avoid an unexpected increase in assessments in the future, we do not intend to provide any services free of charge to the Association for which it will be required to assume responsibility in the future.

## TAXES

Your obligation to pay taxes begins on the day you receive your deed to your lot. You will be required to pay your taxes to the County of Hawaii. The real property taxes vary, depending on the assessed value of the lot and any additional improvements placed on the lot by the purchaser. For the 2022/2023 tax year, the tax rates are as follows: for unimproved agricultural lands, the tax rate is \$9.35 per \$1,000 of assessed valuation, and for agricultural lands and all improvements thereon the tax rate is \$9.35 per \$1,000 of the

assessed valuation of the agricultural lands and \$9.35 per \$1,000 of assessed valuation for all improvements thereof. However, current rates include the following exception: if the land is owner-occupied and its owner has claimed a homeowner's exemption, the tax rate is \$6.15 per \$1,000 assessed value for land and improvements thereon. The real property tax rate is subject to change at any time by the County, and it is incumbent on Lot purchasers to confirm with the County tax assessment office, from time to time, the applicable tax rate and the possible exemptions that may be available to them. The Project is not located in a special improvement district and no special improvement district is proposed for the area of the Project.

### **RESALE OR EXCHANGE PROGRAM**

Restrictions, which might hinder the resale of lots, include the architectural approval and control restrictions of the Declaration discussed in "Restrictions on the Use of Your Lot" above. In addition, the Design Guidelines contain detailed provisions imposing restrictions, such as height limits, minimum size requirements, and color and landscape restrictions, as well as limits on for sale signs. These may hinder the resale of your lot.

We have no program to assist you in the resale of your lot, nor do we have any provision to allow you to exchange one lot for another.

### **EQUAL OPPORTUNITY IN LOT SALES**

We are operating our development company and sales activities in compliance with Title VIII of the Civil Rights Act of 1968 by not directly or indirectly discriminating on the basis of race, color, religion, sex, national origin, handicap or familial status in lot marketing, advertising, rendering of lot services and in requiring terms and conditions on lot sales.



## LISTING OF LOTS

Lots 406 through 461, 467, and 468 as shown on Map 109, filed in the Office of the Assistant Registrar of the Land Court to the State of Hawaii with Land Court Application No. 1205 of the Cooke Trust Company, Limited, which were further subdivided as shown on the recorded maps of the following:

Phase 1 Map: Lots 1 - 56;

Phase 2 Map: Lots 1 - 13, 15 - 25 and 27-66;

Phase 3 Map: Lots 1 - 9, 11 - 21.

All lots in Phase 1 have been sold.

**COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER**  
**COST SHEET**

In addition to the purchase price of your lot, there are other expenditures that must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities.

All costs are subject to change

Sales Price of Lot

Cash Price of Lot	\$ _____
Finance Charge	\$ _____ .00
Total	\$ _____

Estimated On-Time Charges

1. Water connection fee	\$ varies	
2. Installation of individual on-site sewer system	\$10,000.00 to \$15,000.00	
3. Construction costs to extend electric and/or telephone services	\$600.00	
4. Other: Association Transfer Fee	\$200.00	
Design Review Fee	\$250.00	
Association Fee (subject to change)	<del>\$500.00</del> \$100.00	
<del>Telephone</del> , Electric and Cable Service Fee	\$600.00	
Total of estimated sales price and one-time charges	\$ _____	Initial _____

Estimated annual charges, exclusive of utility use fees

1. Taxes (1% of the assessed value of an unimproved lot)	\$ _____	
2. Base Assessments	<del>\$2,400.00</del> \$100 - \$200.00	

The information contained in this Property Report is an accurate description of our Subdivision and development plans.

  
 \_\_\_\_\_  
 SIGNATURE OF SENIOR EXECUTIVE OFFICER

**COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER**  
**COST SHEET**

In addition to the purchase price of your lot, there are other expenditures that must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities.

All costs are subject to change

Sales Price of Lot

Cash Price of Lot	\$ _____
Finance Charge	\$ _____ .00
<b>Total</b>	<b>\$ _____</b>

Estimated On-Time Charges

1. Water connection fee	\$ varies	
2. Installation of individual on-site sewer system	\$10,000.00 to \$15,000.00	
3. Construction costs to extend electric and/or telephone services	\$600.00	
4. Other: Association Transfer Fee	\$200.00	
Design Review Fee	\$250.00	
Association Fee(subject to change)	<del>\$ 500.00</del> \$100.00	
<del>Telephone</del> , Electric and Cable Service Fee	\$600.00	
<b>Total of estimated sales price and one-time charges</b>	<b>\$ _____</b>	<b>Initial _____</b>

Estimated annual charges, exclusive of utility use fees

1. Taxes (1% of the assessed value of an unimproved lot)	\$ _____	<b>Initial _____</b>
2. Base Assessments	<del>\$2,400.00</del> \$100 - \$200.00	

The information contained in this Property Report is an accurate description of our Subdivision and development plans.



\_\_\_\_\_  
 SIGNATURE OF SENIOR EXECUTIVE OFFICER

Copy

**RECEIPT, AGENT CERTIFICATION AND CANCELLATION PAGE**

**PURCHASER RECEIPT IMPORTANT: READ CAREFULLY**

NAME OF SUBDIVISION: Hilo Hillside Estates, Phases 1-3  
ILS Number: 32581 Date of Report: January 20, 2023

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by \_\_\_\_\_ Date \_\_\_\_\_  
Street Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

If any representations are made to you which are contrary to those in this Report, please notify the:

Bureau of Consumer Financial Protection  
1700 G Street NW  
Washington, DC 20552

**AGENT CERTIFICATION**

I certify that I have made no representations to the person(s) receiving this Property Report, which are contrary to the information contained in this Property Report.

Lot \_\_\_\_\_ Block \_\_\_\_\_ Section \_\_\_\_\_  
Name of Salesperson \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

**PURCHASER CANCELLATION**

If you are entitled to cancel your purchase contract, and wish to do so, you may cancel by personal notice, or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below.

.....  
Name of Subdivision \_\_\_\_\_  
Date of Contract \_\_\_\_\_

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature \_\_\_\_\_ Date \_\_\_\_\_

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