

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

SECOND SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on

THE KONA BILLFISHER
75-5841 Alii Drive
Kailua-Kona, Hawaii

REGISTRATION NO. 486

This Report Is Not an Approval or Disapproval of This Condominium Project

It was prepared as a supplement to an earlier Report dated ^{November 17, 1972, June 20, 1973,} and January 14, 1974, issued by the Real Estate Commission on the above project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: May 13, 1977
Expires: May 12, 1978

SPECIAL ATTENTION

A comprehensive reading of the report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED SEPTEMBER 20, 1972, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF MAY 11, 1977. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL AND SUBMITTING INFORMATION ON MATERIAL CHANGES IN THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES ACT, CHAPTER 514, HAWAII REVISED STATUTES AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report on November 17, 1972, the Final Public Report on June 20, 1973, and the first Supplementary Public Report on January 14, 1974, there has been a change in the

development entity and amendments to the Declaration of Horizontal Property Regime and By-Laws of Association of Owners, most of which are intended to comply with Act 239 of the 1976 Legislature and to reduce the number of Use periods. This Second Supplementary Public Report reflects these changes and shall be made a part of THE KONA BILLFISHER registration.

DUE TO THE EXTENSIVE CHANGES SINCE THE ISSUANCE OF THE COMMISSION'S PRELIMINARY, FINAL AND SUPPLEMENTARY PUBLIC REPORTS, THIS REPORT, WHICH REFLECTS UNCHANGED, REVISED AND NEW MATERIAL, IS REPRODUCED IN ITS ENTIRETY FOR THE CONVENIENCE OF PROSPECTIVE PURCHASERS, AND THIS REPORT IS INTENDED TO SUPERSEDE ALL PRIOR REPORTS. UPON WRITTEN REQUEST OF A PROSPECTIVE PURCHASER, THE DEVELOPER IS REQUIRED TO DELIVER TO THE PROSPECTIVE PURCHASER ALL PRIOR REPORTS ISSUED BY THE COMMISSION ON THIS PROJECT.

2. The Developer is responsible for placing this Second Supplementary Public Report (pink paper stock) in the hands of all purchasers, and securing a signed copy of the Receipt for this Second Supplementary Public Report.
3. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of this condominium project and issuance of this Second Supplementary Public Report.
4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Owners, and a copy of the Floor Plans) have been filed in the Office of the recording officer.

The Developer has advised the Commission that the Declaration of Horizontal Property Regime and By-Laws of Association of Owners attached thereto have been recorded in the Bureau of Conveyances at Honolulu, Hawaii, in Book 8974, page 409. The Declaration was amended in its entirety by Amended Declaration of Horizontal Property Regime recorded in said Bureau in Book 9685, page 63, and further amended by that certain Second Amendment to Declaration of Horizontal Property Regime recorded in said Bureau in Book 9855, page 480, further amended by that certain Third Amendment to Declaration of Horizontal Property Regime recorded in said Bureau in Book 11958, page 202, and still further amended by that certain Fourth Amendment to Declaration of Horizontal Property Regime recorded in said Bureau in Book 11990, page 179. A Fifth Amendment to Declaration of Horizontal Property Regime recorded in said Bureau in Book 12186, page 297, amends the Declaration in its entirety, except that said Amendment does not affect the aforesaid Second Amendment to Declaration of Horizontal Property Regime. The Declaration of Horizontal Property Regime, as amended, is referred to in this Report as the "amended Declaration". The floor plans have been designated as Condominium Map No. 262.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes.
6. The Developer has advised the Commission that advertising and promotional matter required to be filed pursuant to the rules and regulations promulgated by the Commission will be submitted prior to public exposure.
7. This Second Supplementary Public Report automatically expires thirteen (13) months after date of issuance, May 13, 1977, unless a further Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of this Report.

NOTE: Purchasers are advised that there are no specific statutes in Hawaii governing the sale of condominiums on a time-sharing basis such as contemplated herein.

It is the Developer's intent to sell only Co-Tenancy Interest in an apartment presently. Developer proposes to convey undivided interests in each apartment providing in each deed thereof that the grantee(s) shall have the exclusive right to occupy the apartment, and to use the common elements of the project and the rights and easements appurtenant to the apartment, during one or more of the Use Periods and reserving to Developer the exclusive right to occupy the apartment and to use the common elements and appurtenant rights and easements during all other unsold Use Periods.

In the event Developer is unable to dispose of all units through sales of Co-Tenancy Interest, Developer may sell fee simple interests to whole apartments. Should this occur, the Developer will notify the Commission.

NAME OF THE PROJECT: The amended Declaration provides that the project formerly called the "BILLFISHER" shall now be known as "THE KONA BILLFISHER".

LOCATION: The address of the project is 75-5841 Alii Drive, Kailua-Kona, County and State of Hawaii.

TAX KEY: Third Division, 7-5-09-10.

ZONING: RM-1; Multiple-Family-Residential.

DEVELOPER: RECREATIONAL TIME SHARE HAWAII, a Hawaii registered Limited Partnership, is the Developer of the project. Its principal place of business and post office address is c/o Damon, Shigekane, Key & Char, 10th Floor, City Bank Building, 810 Richards Street, Honolulu, Hawaii 96813. Its General Partner is John E. Noyes.

ATTORNEYS REPRESENTING DEVELOPER: Damon, Shigekane, Key & Char (Attention: Charles W. Key), 10th Floor, City Bank Building, 810 Richards Street, Honolulu, Hawaii 96813; Telephone No. 531-8031.

DESCRIPTION OF PROJECT: THE KONA BILLFISHER (the "project") is situated on an 83,163 square foot "L" shaped parcel of land with 111 feet fronting Alii Drive and 185 feet fronting Kuakini Highway (the "Land").

There are five clusters of 3-story Buildings identified as Buildings 1, 2, 3, 4 and 5. In addition, there are laundry facilities, an office for the managing agent attached to Building No. 5, and a swimming pool. The Buildings are wood frame structures with wood siding and have shake roofs. The first floor of each Building is concrete, the second and third are wood frame.

There are 65 apartments in Buildings 1, 2, 3, 4 and 5, and 67 parking stalls. The space designated Apartment No. T-1 on the Condominium Map is a common element for use by the managing agent or as otherwise determined by the Board of Directors of the Association of Apartment Owners of THE KONA BILLFISHER established by the By-Laws. The number of each Apartment, its floor level within its Building, the approximate size of each apartment's living area and of its enclosed garden area (or in the case of second or third floor apartments, its balcony) are as follows:

<u>Building</u>	<u>Apartment Numbers</u>	<u>Floor</u>	<u>Approximate Square Feet of Living Area in Each Apartment</u>	<u>Approximate Square Feet of Garden Area or Balcony of Each Apartment</u>
1	A-1	Ground	744	283
	B-1, C-1	Ground	547	147
	D-1	Ground	547	196
	E-1	Ground	547	186
	A-2	Second	744	47
	B-2, C-2, D-2, E-2	Second	547	47
	A-3	Third	1019	47
	B-3, D-3, E-3, C-3	Third	547	47
	2	F-1, G-1, H-1, J1	Ground	547
F-2, G-2, H-2, J-2		Second	547	47
F-3, G-3, H-3, J-3		Third	547	47
3	K-1, L-1, M-1, N-1	Ground	547	283
	K-2, L-2, M-2, N-2	Second	547	47
	K-3, L-3, M-3, N-3	Third	547	47

<u>Building</u>	<u>Apartment Numbers</u>	<u>Floor</u>	<u>Approximate Square Feet of Living Area in Each Apartment</u>	<u>Approximate Square Feet of Garden Area or Balcony in Each Apartment</u>
4	O-1, P-1, R-1, S-1	Ground	547	283
	O-2, P-2, R-2, S-2	Second	547	47
	O-3, P-3, R-3, S-3	Third	547	47
5	U-1, V-1, W-1, X-1	Ground	547	283
	U-2, V-2, W-2, X-2	Second	547	47
	T-2	Second	744	47
	U-3, V-3, W-3, X-3	Third	547	47
	T-3	Third	1019	47

Each ground floor Apartment has access to an enclosed garden, on grade, separated from adjoining gardens by a wall. Each second and third floor apartment has access to a balcony with open railing. Second and third floor Apartments are reached by exterior staircases. The layout, location and number of each Apartment are shown on the Condominium Map.

All Apartments, except Nos. A-1, A-2, A-3, T-2 and T-3, contain a hall, a living-dining room, a bedroom, a bathroom and a kitchen. Apartment Nos. A-1, A-2 and T-2 contain a hall, a living-dining room, two bedrooms, a bathroom and a kitchen. Apartment Nos. A-3 and T-3 are similar to Apartment Nos. A-1, A-2 and T-2, but in addition, have a 275 square foot loft area above the second bedroom which is included in the living area shown on the above table.

The kitchen of each Apartment contains a four-burner range with a hood, fan and light combination, a refrigerator, dishwasher, hot water heater and garbage disposal. The bathroom of each Apartment contains a lavatory, toilet and bathtub/shower combination.

Each Apartment has its own central air-conditioning unit, individually controlled.

All Apartments shall have access to the common elements at the first floor level.

The Apartments shall not be deemed to include the undecorated or unfinished walls, the floors and ceiling surrounding each Apartment, or any pipes, wires, conduits or other utility lines running through such Apartment which are utilized for or serve more than one Apartment. Each ground floor Apartment shall include any adjacent garden area and each second and third floor Apartment shall include any balcony shown on the Condominium Map. Each Apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and the built-in fixtures.

COMMON ELEMENTS: The Common Elements will include the Land and all improvements on the Land, including Buildings 1, 2, 3, 4 and 5 (except for all portions of the Buildings which are Apartments other than Apartment No. T-1 in Building 5), the Limited Common Elements, as well as all Common Elements mentioned in Chapter 514, Hawaii Revised Statutes, which are actually constructed on the Land and specifically shall include but shall not be limited to:

- (a) Said Land in fee simple;
- (b) That space designated Apartment No. T-1, its adjacent enclosed garden area, two parking stalls designated on Exhibit E of the amended Declaration and the Managing Agent's office for use by the Managing Agent or as otherwise determined by the Board of Association of Apartment Owners;
- (c) All foundations, floor slabs, columns and load-bearing walls;
- (d) The roofs;
- (e) All landscaped yards, plantings and retaining walls, and similar items;
- (f) The swimming pool and other recreational areas;
- (g) The laundry facilities;
- (h) All roads, driveway areas and exterior ground level walkways;
- (i) All ducts, electrical equipment, wiring and other central and appurtenant installations for services, including power, light, cold and hot water, refuse and telephone;
- (j) All other devices or other installations upon the Land existing for or rationally of common use to all the owners of Apartments within the project.

LIMITED COMMON ELEMENTS: Sixty-five (65) parking stalls will be Limited Common Elements, each reserved for the exclusive use of the Apartments to which they are appurtenant. The number of each parking stall and the Apartment to which it is appurtenant are set forth in Exhibit "D" attached to the amended Declaration. One parking stall is appurtenant to each Apartment. Two stalls are common elements for use by the managing agent.

INTEREST TO BE CONVEYED TO PURCHASERS: The amended Declaration provides that the percentage of undivided interest in all of the common elements appertaining to each of the Apartment Nos. A-3, A-1, A-2, T-2 and T-3 shall be two percent (2.0%); and that appertaining to each of the remaining 60 apartments will be one and one-half percent (1.5%). The voting rights of an apartment owner, as well as his share of the common expenses, shall be in proportion to the common interest.

Each buyer who purchases an undivided one-twelfth co-tenancy interest or Time Interest in an Apartment ("Time Interest Owners") will receive a one-twelfth (1/12th) undivided interest in all of the common elements appertaining to his apartment for each Use Period purchased.

ASSOCIATION PROPERTY: All Apartments will be furnished with a sleeper sofa, two (2) end tables, one (1) coffee table, one (1) dining table and four (4) chairs, four (4) lamps, one (1) chest of drawers, one (1) queen size bed and headboard, and miscellaneous furnishings, linens and kitchen utensils. The two (2) bedroom apartments will also contain two (2) twin beds. The Association is authorized to enter into long-term purchase or lease agreements for the acquisition or use of furniture, automobiles, furnishings and other personal property (together defined as "Association Property" in the amended Declaration) for the use and common benefit of all Time Interest and Apartment Owners; provided, the amount of any unpaid monetary obligations for a particular apartment shall not exceed \$3,000 without the prior approval of a Majority in Interest of Time Interest Owners of such apartment. The leasing, purchase and other costs of Association Property will be passed on to buyers through periodic assessment as part of the common expenses of the Association. Prospective buyers are informed that the Developer on behalf of the Association will enter into a lease agreement for washers and dryers to be placed in the laundry facilities. The enjoyment and use of Association Property will be governed by such rules and regulations as the Board of Directors of the Association may promulgate. The Association may designate all or certain parts of the Association Property for the exclusive use of specific Apartments, provided, however, that any such allocation for exclusive use of Association Property will be made on a fair and equitable basis.

TIME SHARING PROVISIONS: The amended Declaration contains the following "time-sharing" provisions applicable to those buyers purchasing undivided co-tenancy interests in an apartment:

1. Legal Documents and Use Periods: The amended Declaration contains the basic provisions as to time-sharing ownership. Each Time Interest Owner will have exclusive occupancy of his Apartment and the use and enjoyment of THE KONA BILLFISHER Common Elements, Limited Common Elements and Association Property designated for his use by the Association during his designated Use Periods. There will be twelve Use Periods with intervening Service Periods of forty-eight (48) hours as set forth in the amended Declaration and on Exhibit "A" attached hereto and incorporated herein. Each Time Interest Owner's Use Periods will be designated in both his Sales Contract and his Deed, delivered at closing.
2. Apartments Subject to Time Sharing: Any or all Apartments in the project may be sold on a time-sharing basis.
3. Expenses and Insurance: (a) Each Time Interest Owner must pay his share (determined by his proportion of the undivided Ownership Interests in the Apartment) of expenses relating to the Apartment. Charges which may be specially assessed against a Time Interest Owner are set out in the amended Declaration. The obligation of payment is secured by a lien described in paragraph 6. (b) To the extent not provided for in insurance policies maintained by the Association, the Owners' Agent is authorized to procure insurance covering the Apartment and its contents, public liability insurance, and such other insurance as is deemed necessary or

desirable by the Owners' Agent or by a majority in interest of the Time Interest Owners of an Apartment. The amended Declaration contains no restrictions as to amount or amounts of such insurance. The Time Interest Owner must pay in proportion to his undivided Ownership Interest in the Apartment for such expense.

4. Management: Management of each Time Interest Owner's Apartment will be under the direction of an Owners' Agent who must be a licensed real estate broker. Except for the first Owners' Agent, the Owners' Agent shall be selected and serve on the terms agreed upon by Time Interest Owners holding a majority of the Time Interests in THE KONA BILLFISHER. The first Owners' Agent designated in the amended Declaration for a term of one year will be such real estate management company as Developer shall designate. However, a majority in interest of Time Interest Owners in the project may terminate the agency at any time within that period by appointing a successor Owners' Agent or the first Owners' Agent may resign upon ninety (90) days' prior written notice. If at any time, there is no Owners' Agent to act, management decisions may be made by a Majority in Interest of Time Interest Owners in each Apartment. Subject to direction by a majority in interest of Time Interest Owners, the Owners' Agent is authorized to purchase or lease personal property for the common use and enjoyment of all Time Interest Owners in an Apartment. Such personal property is defined as "Time Interest Property" in the amended Declaration and is independent and exclusive of "Association Property". In addition, the Agent is authorized to maintain, repair and refurbish each Apartment and any Time Interest Property, establish reserves for anticipated costs, pay taxes and assessments, including assessments by the Association of Apartment Owners of THE KONA BILLFISHER ("Association"), adopt and enforce reasonable rules ("Time-Sharing Use Restrictions") relating to use and enjoyment of the Apartment and any Time Interest Property, obtain and maintain insurance, exercise rights in the Association, and do other things appropriate to the management and operation of the Apartment. For performing these services, the Owner's Agent is entitled to compensation.
5. Representation at Association Meeting: The Owners' Agent is authorized to exercise on behalf of the Time Interest Owners the voting rights at meetings and other membership rights of the Apartment and an Apartment Owner in the Association. The Owners' Agent must notify and solicit the Time Interest Owners' voting preferences as provided in the amended Declaration.
6. Lien: The obligation for payment of time-sharing expenses is secured by a lien against each Time Interest in an Apartment. In the event of default, the amended Declaration provides a procedure whereby such lien may attach and be foreclosed. The lien is subordinate to that of a purchaser or mortgage without notice of default as provided in the amended Declaration.

7. Partition: Each Time Interest Owner or other person or entity acquiring any right, title or interest in an Apartment waives for a period of sixty years from the date of the amended Declaration any right to obtain judicial partition of the Apartment although this waiver does not preclude the sale of a time interest in lieu of partition where owned by two or more persons, such as a husband and wife.
8. Amendment: The Time-Sharing provisions in the amended Declaration may be amended in the manner as is provided in paragraph 7 of Article V of the amended Declaration, that is, by an affirmative vote of at least seventy-five percent (75%) of the common interests in the Project, evidenced by an instrument signed and acknowledged by any two officers of the Association, which amendment will be effective upon filing in the Bureau of Conveyances of the State of Hawaii. It is provided, however, that no such amendment may affect or alter the right of any Time Interest Owner exclusively to occupy his Apartment and to use and enjoy the Common and Limited Elements of the project and the rights and easements appurtenant to the Apartment during the Time Interest Owner's Use Period or Periods, unless such Time Interest Owner shall expressly so consent.
9. Damage or Destruction: In the event of any damage or destruction to an Apartment or the Time Interest Property the Owners' Agent shall cause such damage to be repaired and shall so apply any available insurance proceeds. If the damage is not covered by insurance, or if the available insurance proceeds are insufficient, the Owners' Agent shall assess and the Time Interest Owners of such damaged Apartment shall pay the cost thereof or deficiency in proportion to their undivided ownership interests in the Apartment unless the damage was caused by the intentional or negligent act or omission of any Time Interest Owner, his family, guests, invitees or lessees, in which event the cost of repair or deficiency shall be paid by such Time Interest Owner.

In the event of any damage or destruction to the Project, the Owners' Agent shall attend any meeting of members called to determine whether to repair, restore or dissolve the project, vote at any such meeting on behalf of the Time Interest Owners of each Apartment and otherwise act on behalf of the Time Interest Owners of each Apartment to provide for the repair and restoration of the project or, in the event the project is dissolved, to administer the distribution of any and all proceeds of dissolution allocable to each Apartment.

Any proceeds allocable to the Apartment and payable to the Time Interest Owners of that Apartment as the result of (i) dissolution or termination of the project for any reason, (ii) any excess of insurance proceeds over the cost of repair or restoration or (iii) any similar cause, not required to repair or restore the Apartment or the Time Interest or Association Property or any part thereof or paid to compensate any one or more Time Interest Owners for loss or damage to their individual person or property (in which case such distribution shall be with due regard to the loss or damage incurred), shall be distributed to

the Time Interest Owners in proportion to their respective undivided ownership interests in the Apartment. Any assessment properly levied against any Apartment by the Association of Apartment Owners for the purposes of repair or restoration of the Project shall be assessed against and paid by the Time Interest Owners in proportion to their respective undivided ownership interests in the Apartment.

10. Title Insurance: The Developer has arranged for purchasers to obtain title insurance covering each purchaser's Time Interest.
11. Miscellaneous: (a) No action of the Owners' Agent on behalf of the Time Interest Owner shall constitute a defense, offset or counterclaim to payment of assessments or performance of other duties and obligations owed by the Association under the amended Declaration and By-Laws. (b) Each prospective Time Interest Owner is advised that the Federal Tax Lien Law may authorize the Federal tax authorities to enforce the lien for unpaid Federal taxes due from any one Time Interest Owner of a Time-Sharing Interest by selling the entire Apartment and distributing the sale proceeds to the Owners in accordance with their interests. The Hawaii tax lien law may also permit such a sale. The amended Declaration under which Time Sharing Interests are established provides special lien rights upon each Owner's interest in favor of each other Owner of an interest in the same Apartment. One or more Owners, or the Owners' Agent, may be required to discharge a delinquent Owner's obligations in order to prevent a sale of the entire Apartment and to seek reimbursement by foreclosure of the special lien on the delinquent owner's interest or by other means. (c) Each prospective Time Interest Owner should read Article IV of the amended Declaration carefully, to be fully apprised of the rights, duties, obligations and privileges of Time-Sharing Ownership.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The Apartments hereinabove described shall at all times be used only as a private dwelling or vacation accommodation for the owner, his family, tenants and social guests and such other purposes as are permitted by the Declaration. The Owner of an apartment shall not without the prior written consent of the Board, keep or house any animal, fish, bird or other pet.

OWNERSHIP OF TITLE: The Developer has filed with the Commission a Preliminary Title Report dated May 9, 1977, by Long & Melone, Ltd., which certifies that the fee simple title to the land committed to this regime is vested in RECREATIONAL TIME SHARE HAWAII.

ENCUMBRANCES: The Preliminary Title Report prepared by Long & Melone, Ltd. certifies that as of the date thereof title to the land is subject to:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Land Patent No. 7489.

2. Unrecorded Grant of Easement by Kikue Kurashige to Hilo Electric Light Company, Limited, a Hawaii corporation (now known as Hawaii Electric Light Company, Inc.) dated July 5, 1968, as mentioned in instrument recorded in Liber 9167, page 2.
3. Covenants, conditions, restrictions and other provisions set forth in Declaration of Horizontal Property Regime dated February 23, 1973, recorded in the Bureau of Conveyances in Liber 8974, at page 409 and to the By-Laws attached thereto as the same are or may hereafter be amended in accordance with law, said Declaration or By-Laws. (Project covered by Condominium Map No. 262.) Said Declaration was amended by Second Amendment to Declaration of Horizontal Property Regime, dated February 28, 1974, recorded in Book 9855, page 480. Said Declaration was amended in its entirety by Fifth Amendment to Declaration of Horizontal Property Regime dated April 27, 1977, recorded in said Bureau in Book 12186, page 297, with the exception of the Second Amendment which remains valid.
4. That certain Mortgage dated October 1, 1976, by and between John L. Susott and Kathryn C. Susott, husband and wife, as "Mortgagor", and Hawaii Thrift & Loan, Incorporated, a Hawaii corporation, as "Mortgagee", recorded in said Bureau of Conveyances in Liber 11714, page 147.
5. Subordination Agreement dated April 28, 1977 by Hawaii Thrift & Loan, Inc., recorded in said Bureau in Liber 12186, page 360.
6. For any taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor, Third Division.

The Developer has advised the Commission that the mortgage identified in item 4 will be released prior to the conveyance of any Apartment or Time Interest therein, or alternatively, that partial releases of the mortgage will be obtained as such conveyances are delivered.

PURCHASE MONEY HANDLING: A copy of an Escrow Agreement dated March 30, 1977, identifying Long & Melone Escrow, Ltd., as Escrow, has been submitted. Said Escrow Agreement is intended to comply with Chapter 514, Hawaii Revised Statutes, and particularly with Sec. 514-36 through Sec. 514-40 thereof. However, purchasers are reminded that there are no statutes governing time-sharing sales in Hawaii and no provisions for escrowing purchaser's funds under time-sharing sales programs. Therefore, purchasers are urged to read said Escrow Agreement with care to satisfy themselves as to the adequacy of the Agreement from the standpoint of protecting their interest in time-sharing purchases.

Among other provisions, the executed Escrow Agreement states that a purchaser under the Sales Contract, upon written request, shall be entitled to a refund of all monies deposited with Escrow, with interest, if any of the following has occurred:

1. Seller has requested Escrow in writing to return to purchaser the funds of purchaser then being held by Escrow; or
2. A purchaser's deed has not been recorded within one year of the date of purchaser's sales contract and purchaser is not in default under purchaser's sales contract; or

3. Seller has notified Escrow of Seller's exercise of the option to rescind the sales contract pursuant to any right of rescission.

A copy of One Sales Contract has been submitted which is designed for the sale of an undivided co-tenancy or Time Interest in an Apartment. Developer has advised the Commission that he may submit another specimen contract which will be designed for the sale of all fee simple interests in an Apartment.

The specimen Sales Contract provides, in part: (a) if purchaser shall default in any payment when required or fail to perform any other obligation required of the purchaser, the Sales Contract may, at seller's option, be terminated and up to \$600 of all sums paid by the purchaser, together with interest earned on all of purchaser's sums paid, less any escrow cancellation fee due Escrow, shall belong absolutely to the seller as liquidated damages, and the remainder of purchaser's funds shall be returned to purchaser by Escrow and the Contract shall terminate, and both parties shall be released of any further liability; (b) if seller shall default in the performance of any obligation required of seller, seller shall repay to purchaser all sums paid by purchaser to seller together with interest at the rate of Ten Percent (10%) per annum from the time of payment by the purchaser to the date of such repayment by seller and purchaser shall be entitled to receive \$600 from seller and the Contract shall terminate, and both parties shall be released of any further liability.

A prospective purchaser should carefully examine the form of the Sales Contract and the Escrow Agreement (to determine the time for and the amount of payments of the purchase price, and the sharing of closing costs), and the Time Sharing Use Restrictions, dated December 16, 1976 (which covers such matters as check-in, check-out, storage, exchange of use periods, parking, and such other details.

CERTAIN COMMITMENTS OF DEVELOPER TO PURCHASERS:

1. There will be no closing of any Time Share Interest until at least forty-two (42) Time Share Interests can close simultaneously.
2. Within thirty (30) days after the close of the initial forty-two (42) Time Share Interests, the Developer will organize the Board of Directors and will relinquish any right to elect a majority of the Board, such majority being elected by the owners of Time Share Interests.
3. The Developer will give a proxy to the Board of Directors at its election for all voting rights to Time Share Interests in the name of the Developer, reserving only the right to vote for any proposed amendments to the Declaration of Horizontal Property Regime and attached Bylaws. The Board of Directors will be deemed to vote the Developer's votes as the Board deems in the best interest of the Association. This proxy will continue until 70% of all Time Share Interests are sold.
4. The Developer shall provide a bond to guarantee the Developer's payment of all regular and special assessments levied against Time Share Interests in the Developer's name. This bond is for 100% of the annual budget submitted by the Developer, the sum being \$221,500. The bond shall continue in effect until

70% of all Time Share Interests have been sold. The Owners' Association may make claims against the bond should the Developer be delinquent in the payment of any assessments. The Purchaser may contact the Owners' Agent to determine if any delinquencies exist. As a condition precedent to recovery under the bond, the Board must give the surety written notice within six (6) months after any default by the Developer.

5. The Developer has contracted with Resort Condominiums International, of Indianapolis, Indiana (RCI) to make available to purchasers a program offering the exchange of use of time share rights with other time share or condominium owners, located both nationally and internationally. Resort Condominiums International is a reciprocal membership association of recreational resorts. As an owner of a time share in an RCI member resort, a Time Interest Owner may use units in other resorts pursuant to the rules and regulations governing membership in RCI. The Developer has qualified the Kona Billfisher project for membership in RCI. A purchaser's first year's membership in RCI will be paid by the Developer. A purchaser will be supplied with information about the use of RCI's program and services. If a purchaser uses the services, he will pay a small nightly reservation fee to RCI and a reasonable daily use fee to the resort the purchaser visited. A purchaser does not have to use this program or services and does not have to continue membership in RCI. If a purchaser chooses to continue the second and subsequent years' membership in RCI, he must pay for this himself. Since RCI is an independent company, the Developer cannot guarantee the permanency of this program.

MANAGEMENT AND OPERATION: Article III, Section 3 of the By-Laws, states that the Board of Directors shall at all times employ a responsible managing agent to manage and control the property, subject at all times to direction by the Board of Directors. The Developer has advised the Commission that no Managing Agent or Owners' Agent have yet been appointed.

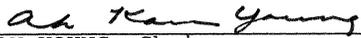
STATUS OF PROJECT: The Owner's Notice of Completion of Contract for THE KONA BILLFISHER (pursuant to Sec. 507-43 of Hawaii Revised Statutes) was published on January 8, 1974. By the Second Amendment to Declaration of Horizontal Property Regime dated February 28, 1974, a verified statement of the registered architect was filed certifying that Condominium Map No. 262 as filed in the Bureau of Conveyances, State of Hawaii, depicts the project as built.

A purchaser or prospective purchaser should be cognizant of the fact that this Report represents information disclosed by the Developer in the required Notice of Intention submitted September 20, 1972, and information subsequently filed as of May 11, 1977.

This SECOND SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 486 filed with the Commission on September 20, 1972.

The report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be pink in color.

Distribution:
DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION, COUNTY
OF HAWAII
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT
REGISTRATION NO. 486
May 13, 1977


AH KAU YOUNG, Chairman
Real Estate Commission
State of Hawaii

THE KONA BILLFISHER'S TIME SHARING PROGRAM

There will be twelve use periods each calendar year. Each use period shall begin at 12:00 o'clock noon on the 15th day of each month and end at 12:00 o'clock noon on the 13th day of the following month. The use periods are separated by 12:00 o'clock noon on the 13th day of each month to 12:00 o'clock noon on the 15th of each month (forty-eight hours) which are exclusively reserved for the maintenance and refurbishment of the time interest owners' apartments. This 48-hour period shall be called "service period".

Use periods are lettered and shall be referred to by their schedule letter. (Use periods A-B-C-D-E-F-G-H-I-J-K-L)

Service periods are numbered and lettered and shall be referred to by their schedule number and letter. (Service periods A1-B2-C3-D4-E5-F6-G7-H8-I9-J10-K11-L12).

USE PERIODS

A.	JANUARY 15,	12:00 o'clock noon to	FEBRUARY 13,	12:00 o'clock noon
B.	FEBRUARY 15,	12:00 o'clock noon to	MARCH 13,	12:00 o'clock noon
C.	MARCH 15,	12:00 o'clock noon to	APRIL 13,	12:00 o'clock noon
D.	APRIL 15,	12:00 o'clock noon to	MAY 13,	12:00 o'clock noon
E.	MAY 15,	12:00 o'clock noon to	JUNE 13,	12:00 o'clock noon
F.	JUNE 15,	12:00 o'clock noon to	JULY 13,	12:00 o'clock noon
G.	JULY 15,	12:00 o'clock noon to	AUGUST 13,	12:00 o'clock noon
H.	AUGUST 15,	12:00 o'clock noon to	SEPTEMBER 13,	12:00 o'clock noon
I.	SEPTEMBER 15,	12:00 o'clock noon to	OCTOBER 13,	12:00 o'clock noon
J.	OCTOBER 15,	12:00 o'clock noon to	NOVEMBER 13,	12:00 o'clock noon
K.	NOVEMBER 15,	12:00 o'clock noon to	DECEMBER 13,	12:00 o'clock noon
L.	DECEMBER 15,	12:00 o'clock noon to	JANUARY 13,	12:00 o'clock noon

SERVICE PERIODS

A-1	FEBRUARY 13,	12:00 o'clock noon to	FEBRUARY 15,	12:00 o'clock noon
B-2	MARCH 13,	12:00 o'clock noon to	MARCH 15,	12:00 o'clock noon
C-3	APRIL 13,	12:00 o'clock noon to	APRIL 15,	12:00 o'clock noon
D-4	MAY 13,	12:00 o'clock noon to	MAY 15,	12:00 o'clock noon
E-5	JUNE 13,	12:00 o'clock noon to	JUNE 15,	12:00 o'clock noon
F-6	JULY 13,	12:00 o'clock noon to	JULY 15,	12:00 o'clock noon
G-7	AUGUST 13,	12:00 o'clock noon to	AUGUST 15,	12:00 o'clock noon
H-8	SEPTEMBER 13,	12:00 o'clock noon to	SEPTEMBER 15,	12:00 o'clock noon
I-9	OCTOBER 13,	12:00 o'clock noon to	OCTOBER 15,	12:00 o'clock noon
J-10	NOVEMBER 13,	12:00 o'clock noon to	NOVEMBER 15,	12:00 o'clock noon
K-11	DECEMBER 13,	12:00 o'clock noon to	DECEMBER 15,	12:00 o'clock noon
L-12	JANUARY 13,	12:00 o'clock noon to	JANUARY 15,	12:00 o'clock noon

EXHIBIT "A"