

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
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HONOLULU, HAWAII 96801

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
WEST MOLOKAI RESORT CONDOMINIUM
Kepuhi Beach, Island of Molokai

REGISTRATION NO. 807

IMPORTANT — Read This Report Before Buying

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

It reflects information obtained by the Real Estate Commission in its investigation of the 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: October 29, 1976
Expires: November 29, 1977

SPECIAL ATTENTION

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

ATTENTION: The condominium being sold is a security because of the rental program in which apartment owners are required to participate. The apartment owners are advised that the apartment units are being sold as an investment and the apartment owners will have no rights to use their apartments. Refer to the attached Prospectus for information about the rental program.

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED SEPTEMBER 5, 1975, AND INFORMATION SUBSEQUENTLY FILED AS OF OCTOBER 27, 1976. DEVELOPER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES, AS AMENDED.

1. The Developer advises that since the issuance of the Preliminary Public Report dated October 31, 1975, there have been certain changes in the Project relating to the residency requirements of the purchasers, the inclusion of kitchen facilities in all units, the purchaser's financing, the status of the Project and the encumbrances. This Final Public Report (white paper stock) amends the Preliminary Public Report (yellow paper stock) and becomes a part of the West Molokai Resort Condominium registration. The Developer is responsible for placing a true copy of this Final Public Report in the hands of all purchasers along with a copy of the Preliminary Public Report. The Developer is responsible for securing from each purchaser a signed receipt, signifying that he has had an opportunity to read both of these Reports.
2. The Developer has submitted to the Commission for examination all documents deemed necessary for the registration of the condominium project and the issuance of this Final Public Report.
3. The Developer advises that the Declaration of Horizontal Property Regime and attached Bylaws are filed in the Office of the Assistant Registrar of the Land Court as Document No. 786663. The Condominium Map has been filed with the Assistant Registrar as Map No. 292.
4. Advertising and promotional materials have been submitted pursuant to the Rules and Regulations promulgated by the Commission.
5. The purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, as amended, and the condominium Rules and Regulations which relate to Horizontal Property Regimes.
6. This Final Public Report automatically expires thirteen (13) months after date of issuance, October 29, 1976, unless a Supplementary Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this Report.

The information in the Preliminary Public Report of October 31, 1975, under the topical headings DESCRIPTION OF PROJECT AND APARTMENTS, OWNERSHIP OF TITLE, ENCUMBRANCES, PURCHASE MONEY HANDLING, STATUS OF PROJECT and PURCHASER'S FINANCING, has been changed as described below.

In addition, the residency requirement described in the NOTE preceding the topical headings of the Preliminary Public Report has been removed so that the purchasers of the apartments are no longer required to be residents of the State of Hawaii. Instead, the Project has been registered with the Securities and Exchange Commission so that apartments may be sold to non-residents as well as residents of the State of Hawaii. The Developer reports that no other information in the Preliminary Public Report has changed.

DESCRIPTION OF PROJECT AND APARTMENTS: The last paragraph of this section at the top of page 4 of the Preliminary Public Report and the Declaration describing the rights of the purchasers to install kitchen facilities is hereby deleted since all apartments will contain kitchen facilities at the time they are initially constructed.

OWNERSHIP OF TITLE: The Developer has filed with the Commission a Preliminary Report, dated September 21, 1976, prepared by Title Guaranty of Hawaii, Inc., which certifies that title to the land committed to this regime is vested in Kepuhi Partnership, the Developer.

ENCUMBRANCES: The Preliminary Report prepared by Title Guaranty of Hawaii, Inc. dated September 21, 1976, states that as of the date of the search title to the land is subject to:

1. Real property taxes that may be due and owing.
Tax Key: 5-1-002-Por. 14(2)
2. Excepting and reserving to the Hawaiian Government all mineral or metallic mines of every description.
3. Sand Agreement and Release effective April 2, 1976, and filed as Land Court Document No. 760796.
4. Reservation for utility easement rights in the Deed from Kaluakoi Corporation to Kepuhi Partnership filed as Land Court Document No. 760797.
5. Cross Easement Declaration dated April 2, 1976, filed as Land Court Document No. 760799 establishing easements over the common areas, etc. in favor of Lot 13.
6. Mortgage and Security Agreement in favor of Territorial Savings and Loan Association in the amount of \$5,500,000, filed as Land Court Document No. 760801.
7. Hotel Management Contract between Kepuhi Partnership and Sheraton Hawaii Management Corporation, a short form of which is filed as Land Court Document No. 760802, and which is attached as Exhibit "D" to the Declaration of Horizontal Property Regime for the Project filed as Land Court Document No. 786663. The interest of Kepuhi Partnership in said contract was assigned by said Partnership to the Bank of Hawaii by unrecorded agreement dated April 2, 1976. A short form of said assignment and consent thereto by Sheraton is filed as Land Court Document No. 760803.

NOTE: Since the date of the Preliminary Report prepared by Title Guaranty of Hawaii, Inc., the Developer advises the Commission that a Declaration of Covenants and Restrictions has been filed as Land Court Document No. 784612. This Declaration establishes covenants and restrictions concerning the use and development of the Project and provides for the imposition of these same covenants and restrictions on adjacent land owned by Kaluakoi Corporation at such time as it is developed. It provides for the establishment of West Molokai Association, a nonprofit corporation whose members are owners of the real property subject to this Declaration. All purchasers of condominium units in the Project will become members of this Association at the time they take title to their units. The Association will govern the use and maintenance of certain common facilities such as the roads, water lines and sewage treatment facilities serving all members of the Association. Each condominium unit owner is subject to assessment to pay the costs of maintaining and operating these facilities. See the Prospectus for a further explanation of the purposes of the West Molokai Association.

PURCHASE MONEY HANDLING: Following the issuance of this Final Public Report the purchase and subscription agreement will not be used for the purpose of taking reservations for apartments so that all references in the Preliminary Public Report to Reservation, Purchase and Subscription Agreement should be deemed to refer to a Purchase and Subscription Agreement.

The Escrow Agreement appointing Bank of Hawaii as escrow agent has been amended to provide (i) that the buyers shall receive interest on the amount of the downpayments on the purchase price of their apartments deposited in escrow subject to certain conditions, and (ii) the buyers' downpayments shall remain in escrow until the sales are closed and Apartment Deeds delivered.

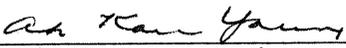
STATUS OF PROJECT: Construction of the Project began in December 1975 and it is estimated that construction will be completed by March 1, 1977.

PURCHASER'S FINANCING: The Developer has received a commitment from Territorial Savings and Loan Association to lend funds to qualified buyers for the purposes of purchasing units in the Project. The loans will be for a maximum amount of eighty percent (80%) of the purchase price or appraised value of the unit, whichever is lower. Loans will be secured by first mortgages upon the units and will be repayable over twenty-five (25) years in installments which are amortized on the basis of thirty (30) years with a balloon payment of approximately forty percent (40%) of the amount financed due at the end of the twenty-fifth (25th) year. The interest rate will be based upon the prevailing rate at the time the loans are closed and it is now estimated that the rate will then be nine and one-half percent (9-1/2%) per annum. Each purchaser should carefully review the section in the Prospectus entitled PURCHASER'S FINANCING for further details relating to the financing available from Territorial Savings and Loan Association.

A purchaser should be cognizant of the fact that this Final Public Report represents information disclosed by the Developer

in the required Notice of Intention submitted September 5, 1975, and information subsequently filed as of October 27, 1976. This FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 807 filed with the Commission on September 5, 1975.

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



AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Taxation
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Planning Department,
County of Maui
Federal Housing Administration
Escrow Agent

October 29, 1976
REGISTRATION NO. 807