

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
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FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT ON

KONA SUNSET VILLAS
Seaview Circle, Holualoa
North Kona, Hawaii

Registration No. 1159

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: May 7, 1980
Expires: June 7, 1981

SPECIAL ATTENTION

A comprehensive reading of this 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 AUGUST 3, 1979 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED WITH THE COMMISSION AS OF MAY 2, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report dated October 2, 1979, the Developer has submitted additional information reflecting material changes which have been made in the documents and plans for the project. This Final Report reflects these changes and shall become a part of the KONA SUNSET VILLAS Condominium project.
2. The Developer of the project 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.

The Developer reports that the basic documents which include the Declaration of Horizontal Property Regime together with By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans, have been filed in the Office of the recording officer as follows:

(a) The Declaration of Horizontal Property Regime, executed on December 6, 1979, together with the By-Laws of the Association of Apartment Owners, was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14353, at page 258, and the First Amendment to the Declaration of Horizontal Property Regime together with the First Amendment to the By-Laws of the Association of Owners was recorded in the Bureau of Conveyances in Liber 14479, at page 502.

(b) Kona Sunset Villas Condominium Plans have been designated as Condominium Map No. 675, by the Registrar of the Bureau of Conveyances.

3. Any advertising and promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
4. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
5. This Final Public Report is made a part of the registration of the KONA SUNSET VILLAS Condominium Project, Registration No. 1159. The Developer is responsible for placing this Final Public Report (white paper stock) together with a copy of the Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and for securing a signed copy of the receipt for both Public Reports from each purchaser and prospective purchaser.
6. This Final Public Report automatically expires thirteen months after the date of issuance, May 7, 1980 unless a Supplementary Public Report is issued or the Commission upon review of the registration, issues an order extending the effective period of this Report.

This Final Public Report reflects changes under the topical headings ENCUMBRANCES AGAINST TITLE, STATUS OF PROJECT and FINANCING. The Developer reports that the balance of the information in the Preliminary Public Report remains unchanged.

ENCUMBRANCES AGAINST TITLE: A policy of title insurance dated February 21, 1980 issued by Title Guaranty of Hawaii, Incorporated shows the following encumbrances:

1. For any taxes that may be due and owing and a lien on the parcel of land herein described, reference is hereby made to the Office of the Tax Assessor of the Third Division.
2. That certain Mortgage and Security Agreement made by American Security Bank, a Hawaii corporation as Mortgagee and KSD Corp., a Hawaii corporation as Mortgagor, dated January 2, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14510, at page 326.
3. All restrictions, easements, covenants, agreements, obligations, conditions and other provisions set forth in that certain Declaration of Horizontal Property Regime of KONA SUNSET VILLAS dated December 6, 1979 and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14353, at page 258 and as amended by that certain First Amendment to Declaration of Horizontal Property Regime dated February 5, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14479, at page 502, and as the same may be amended from time to time in accordance with law.
4. Condominium Map No. 675 filed in the Bureau of Conveyances of the State of Hawaii.

STATUS OF PROJECT: The Developer has advised the Commission that construction of the project has commenced on February 22, 1980 and the date of total completion of the construction of the building is estimated to be not later than October 31, 1980.

FINANCING: The Developer has arranged an interim construction loan with American Security Bank pursuant to that certain Construction Loan Agreement dated January 2, 1980 between American Security Bank as Lender and the Developer as Borrower. The Developer advises that the interim construction loan is secured by a Mortgage and Security Agreement on the land and all right, title and interest of the Developer in and to the project. The Deposit, Receipt and Sales Contract, as amended, provides that the interest of each purchaser is and shall remain subject and subordinate to the lien of any such mortgage, assignment, security agreement or financing statement which secures the repayment of the interim construction loan. In addition, a commitment dated January 29, 1980 for

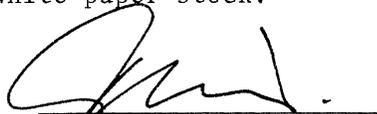
permanent loans for qualified individual buyers of the apartment has been arranged with Hawaiian Federal Savings and Loan Association, a copy of which has been submitted to the Commission.

Pursuant to the above documents, a Performance Bond issued by Seaboard Surety Company as Surety to the Developer as Oblige, in the sum of One Hundred Percent (100%) of the contract price for the construction of the project has been submitted to the Commission.

The purchaser or prospective 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 August 3, 1979, and information subsequently filed as of May 2, 1980.

THIS FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 1159, filed with the Commission August 3, 1979.

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



AH KAU YOUNG, Chairman
Real Estate Commission
State of Hawaii

Distribution:

Department of Taxation
Bureau of Conveyances
Planning Department,
County of Hawaii
Federal Housing Administration
Escrow Agent

Registration No. 1159

Dated: May 7, 1980