

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer METROPOLITAN MORTGAGE HAWAII, INC.

Address 5017 Lawai Road, Koloa, Kauai, HI 96756

Project Name(\*): LIKA LANI

Address: 4931 Lawai Road, Koloa, Kauai, HI 96756

Registration No. 1407

Effective date: November 17, 1994

Expiration date: December 17, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.

- No prior reports have been issued.
This report supersedes all prior public reports.
This report must be read together with

SUPPLEMENTARY: This report updates information contained in the: Preliminary Public Report dated: Final Public Report dated: May 11, 1981 Supplementary Public Report dated:

And Supersedes all prior public reports
Must be read together with
This report reactivates the public report(s) which expired on

(\* ) Exactly as named in the Declaration

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

- 1) Metropolitan Mortgage Hawaii, Inc. is the owner, and subsequent developer, of the entire project. No units have ever been sold to the public.
- 2) The Declaration of Horizontal (Condominium) Property Regime and Bylaws have been completely restated to comply with statutory changes effected since 1981.
- 3) Since 1981, there have been created, in favor of the Lika Lani Condominium, a license for nonexclusive use of the adjacent sewage treatment facilities and a license for nonexclusive use and access to the recreational facilities of the adjacent Lawai Beach Resort condominium project.
- 4) There are no longer any mortgages encumbering the property.
- 5) The current escrow agent is Hawaii Escrow & Title.
- 6) The current real estate sales agent is Shell Development Corporation-Lawai.
- 7) The current managing agent is Colony Hotels & Resorts, Inc.

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## General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: METROPOLITAN MORTGAGE HAWAII, INC. (808) 742-5981  
Name: 5017 Lawai Road (Business)  
Business Address: Koloa, Kauai, HI 96756

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

C. Paul Sandifur, Sr.  
C. Paul Sandifur, Jr.  
Reuel Swanson

Real Estate Broker: SHELL DEVELOPMENT CORPORATION-LAWAI (808) 742-7211  
Name: 5022 Lawai Road (Business)  
Business Address: Koloa, Kauai, HI 96756

Escrow: HAWAI ESCROW & TITLE (808) 532-2977  
Name: 850 Richards St., Suite 400 (Business)  
Business Address: Honolulu, HI 96813

General Contractor: N/A  
Name: (Business)  
Business Address:

Condominium Managing Agent: COLONY HOTELS & RESORTS, INC. (808) 526-3072  
Name: 841 Bishop St., Suite 1010 (Business)  
Business Address: Honolulu, HI 96813

Attorney for Developer: WHITE & TOM (808) 547-5151  
Name: 820 Mililani St., Suite 701 (Business)  
Business Address: Honolulu, HI 96813

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is: (superseding Restatement of Declaration of  
[ ] Proposed Condominium Property Regime)  
[X] Recorded - Bureau of Conveyances: Document No. 94-134658  
Book \_\_\_\_\_ Page \_\_\_\_\_  
[ ] Filed - Land Court: Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: Prior amendments to the Declaration have been incorporated into the superseding Restatement of Declaration of Condominium Property Regime.

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:  
[ ] Proposed  
[X] Recorded - Bureau of Conveyances Condo Map No. 790  
[ ] Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are: (superseding amendment to and restatement of  
By-Laws are attached as Exhibit "B" to the  
[ ] Proposed Declaration)  
[X] Recorded - Bureau of Conveyances: Document No. 94-134658  
Book \_\_\_\_\_ Page \_\_\_\_\_  
[ ] Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: The By-Laws have been amended and completely restated, as amended, as Exhibit "B" to that Restatement of Declaration of Condominium Property Regime.

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>---</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
  - Canceled     Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 4931 Lawai Road Tax Map Key: 4-26-005-003 (Kauai)  
Koloa, Kauai, HI 96756 (TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_  
\_\_\_\_\_

Land Area: 15,323 [X] square feet [ ] acre(s) Zoning: R-20 with visitor-  
destination overlay

XXXXX Lessor METROPOLITAN MORTGAGE HAWAII, INC.

(Fee Owner):

Name \_\_\_\_\_

5017 Lawai Road \_\_\_\_\_

Address \_\_\_\_\_

Koloa, HI 96766 \_\_\_\_\_

Sublessor:

Name \_\_\_\_\_

Address \_\_\_\_\_

C. Buildings and Other Improvements:

\*(in 1981, when the condominium regime was established)

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

2. Number of Buildings: one Floors Per Building two

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare	<u>4</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

5. Special Use Restrictions:

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

- Pets: Customary household pets permitted in reasonable number.
- Number of Occupants: \_\_\_\_\_
- Other: \_\_\_\_\_
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0      Stairways: 1      Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
"A"	4	2/2	1,459.83	96
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 4

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

Each apartment's boundary includes its lanai/balcony. See also Exhibit "A".

Permitted Alterations to Apartments:

Additions to or alterations of an apartment made within such apartment are permitted without the consent of the Board, provided the apartment owner making such alteration amends the Declaration of Condominium Property Regime to reflect such alteration upon completion.



\* There are no recreation or common facilities at the Project. However, by effect of that certain License for Nonexclusive Use and Access to Recreational Facilities between the adjacent Lawai Beach Resort and the Lika Lani, Lika Lani owners have the right to pay a yearly pro rata maintenance share for the use and enjoyment of the adjacent Lawai Beach Resort amenities. These amenities include: pools, jacuzzi, tennis courts and exercise facility.

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>    X    </u>	<u>          </u>	<u>          </u>
Structures	<u>    X    </u>	<u>          </u>	<u>          </u>
Lot	<u>    X    </u>	<u>          </u>	<u>          </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows: \*See attached

- \* 1. Land in fee simple.
- 2. Foundations, floor slabs, columns, girders, beams, supports, bearing walls, roof and stairways.
- 3. Yards, grounds, landscaping, refuse facilities, walkways, parking areas and drive.
- 4. Parking stalls.
- 5. Central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water, and other utilities.
- 6. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows: Each of the four apartments has appurtenant to it an undivided 25% interest in all the common elements of the Project.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit B describes the encumbrances against the title contained in the title report dated 9/1/94 and issued by Hawaii Escrow & Title.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

] There are no blanket liens affecting title to the individual apartments.

] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

- Building and Other Improvements:**  
There are absolutely no warranties, either express or implied, whatsoever, and for the purpose of warranty, the Project building is considered used and is being sold "as is"; this disclaimer of warranties includes, but is not limited to, any implied warranty of merchantability, workmanlike construction, or fitness of any apartment for a particular purpose.
- Appliances:**  
There are no warranties, express or implied, and for the purpose of warranty, all appliances are considered used and are being sold "as is"; this disclaimer of warranty includes, but is not limited to, any implied warranty of merchantability or fitness for a particular purpose.

G. Status of Construction and Estimated Completion Date:

The project was completed in 1981.

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):



V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants
  - Specimen Sales Contract  
Exhibit   D   contains a summary of the pertinent provisions of the sales contract.
  - Escrow Agreement dated   9/1/94    
Exhibit   E   contains a summary of the pertinent provisions of the escrow agreement.
  - Other   Specimen Time Share Deed
- 

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime.
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules.
  - E) Condominium Map.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other Time Share Declaration and By-Laws
- 

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 1407 filed with the Real Estate Commission on 4/1/81.

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

- yellow paper stock                       white paper stock                       pink paper stock

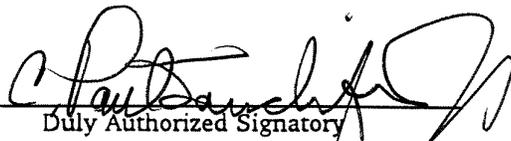
C. Additional Information Not Covered Above

All units are sold as "used" because they will be sold more than five years after construction.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

METROPOLITAN MORTGAGE HAWAII, INC.

Name of Developer

By:   
Duly Authorized Signatory

Sept. 8, 1994  
Date

C. PAUL SANDIFUR, JR. President

print name & title of person signing above

Distribution:

Department of Finance, County of Kauai  
Planning Department, County of Kauai  
Federal Housing Administration

## EXHIBIT "A"

### DESCRIPTION OF BUILDING AND APARTMENTS

The Declaration of Condominium Property Regime reflects that the Project consists of one two-story building of wood frame construction, with a shake roof, with no basement, having a total of four apartments, two on each floor. The Project received a completely new roof, a new stairway, and new parking area in 1993, as part of its restoration after Hurricane Iniki. There are 8 parking stalls, 2 of which are for compact cars.

The designation of each unit and its approximate location in the Project, as shown on the Condominium Map, and the description of each of the Apartments are as follows:

a. Apartments 1 and 2, located on the first floor, contain a gross floor area of 1,535 square feet, a net living area of 1,459.83 square feet, and a lanai of 96 square feet. The units consist of a living-dining room, kitchen, two bedrooms, two bathrooms and a dressing room.

b. Apartments 3 and 4, located on the second floor, contain a gross floor area of 1,535 square feet, a net living area of 1,459.83 square feet, and a balcony of 96 square feet. The units consist of a living-dining room, kitchen, two bedrooms and a dressing room.

Each apartment on the first floor has immediate access to the adjacent land, walkways and driveways, and each apartment on the second floor has immediate access, by means of a stairway, to the land and to the walkways, sidewalks and driveways connecting it to the street entrances of the Project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the floors and ceilings surrounding each of them or any pipes, wires, conduits or other utility lines running through them which are utilized for or serve more than one apartment the same being deemed common elements. Each apartment is deemed to include all the walls and partitions, floors and ceilings which are not load bearing within its perimeter walls including paint, wallpaper, or the like, carpeting, floor covering and built-in fixtures. The boundary lines of each apartment shall also include its respective lanai or balcony, as the case may be.

Each apartment is completely furnished.

END OF EXHIBIT "A"

**ENCUMBRANCES AGAINST TITLE**

1. FOR INFORMATION REGARDING REAL PROPERTY TAXES DUE AND OWING, REFERENCE IS MADE TO THE KAUAI COUNTY DIRECTOR OF FINANCE.

2. ASSESSMENTS

ASSESSMENTS OR CHARGES LEVIED BY MUNICIPAL OR GOVERNMENTAL AUTHORITY OR IMPOSED BY ANY OTHER LAWFULLY CONSTITUTED BODY AUTHORIZED BY STATUTE TO ASSESS, LEVY AND COLLECT THE SAME, IF ANY.

3. TITLE TO ALL MINERALS AND METALLIC MINES RESERVED TO THE STATE OF HAWAII.

4. MATTERS AS SHOWN ON CONDOMINIUM FILE PLAN NO. 790, FILED IN THE BUREAU OF CONVEYANCES.

5. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS, EASEMENTS AND BY-LAWS SET FORTH IN THE DECLARATION OF HORIZONTAL PROPERTY REGIME,  
DATED : MARCH 2, 1981.  
RECORDED : MARCH 9, 1981, IN LIBER 15395, PAGE 75 IN THE BUREAU OF CONVEYANCES.

SAID DECLARATION WAS AMENDED BY THE FOLLOWING INSTRUMENTS:

<u>DATED</u>	<u>RECORDED</u>	<u>LIBER</u>	<u>PAGE</u>
NOVEMBER 13, 1981	NOVEMBER 16, 1981	15980	349
NOVEMBER 25, 1981	NOVEMBER 27, 1981	16003	354
MARCH 2, 1981	MAY 13, 1982	16339	777

INSTRUMENT NO.

AUGUST 2, 1994	AUGUST 12, 1994	94-134658
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6. DECLARATION OF TIME SHARING PROGRAM FOR LIKA LANI,  
BY : METROPOLITAN MORTGAGE HAWAII, INC. (THE "DEVELOPER").  
DATED : AUGUST 1, 1994.  
RECORDED : SEPTEMBER 1, 1994, AS INSTRUMENT NO. 94-144691, IN THE BUREAU OF CONVEYANCES.

EXHIBIT "B"

7. ANY AND ALL EASEMENTS ENCUMBERING THE APARTMENT HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENANT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION, AND/OR AS DELINEATED ON SAID CONDOMINIUM MAP.
8. TERMS, PROVISIONS AND CONDITION OF THAT CERTAIN "LIKA LANI" TIME SHARE PROGRAM HEREIN SET FORTH AS PART OF THE LEGAL DESCRIPTION.

END OF EXHIBIT "B"

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees (per time-shared apartment):

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months	=	<u>Yearly Total</u>
1	\$670.00		\$8,046.00
2	\$670.00		\$8,046.00
3	\$670.00		\$8,046.00
4	\$670.00		\$8,046.00

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

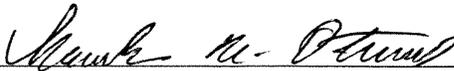
Estimate of Maintenance Fee Disbursements (per time-shared apartment):

	<u>Monthly Fee</u> x 12 months	=	<u>Yearly Total</u>
<b>Utilities</b>			
Electricity - Common Elements Only (**)	\$ 31.00		\$ 375.00
Gas	6.00		67.00
Sewer	22.00		264.00
Water	16.00		195.00
Cable Television	9.00		108.00
Audit	0.00		0.00
<b>Services</b>			
Accounting	13.00		150.00
Legal Fees	2.00		27.00
Insurance	63.00		750.00
Waste Removal	14.00		162.00
Contract Grounds	63.00		750.00
<b>Maintenance, Repairs and Supplies</b>			
Maintenance Payroll & Benefits (**)	33.00		397.00
Security Payroll & Benefits	57.00		684.00
Building Maintenance	13.00		152.00
Equipment Maintenance (**)	1.00		16.00
Pool Supplies (**)	5.00		56.00
Pest Control	5.00		60.00
Uniforms	0.00		0.00

Management		
Administrative Salaries & Benefits	31.00	366.00
Management Fee	102.00	1,224.00
Office Expense	10.00	119.00
(*) Capital Reserves	69.00	825.00
Property Taxes	108.00	1,300.00
	<hr/>	<hr/>
Total	\$ 670.00	\$8,046.00

(\*\*) Partly included in license fee for use of Lawai Beach Resort recreational facilities.

I, Lyle M. Otsuka as agent and employed by Colony Hotels & Resorts the condominium managing agent or the developer, for the condominium project Lawai Beach Resort, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



(\*) Mandatory reserves in effect January 1, 1993.

Date: 9-13-94

EXHIBIT "D"

SUMMARY OF TIME SHARE SALES CONTRACT

The Sales Contract describes by ICN (Inventory Control Number) the particular apartment and use period which the buyer is purchasing, as well as whether the buyer is purchasing a yearly time share interval (1/51 interest) or a bi-yearly time share interval (1/102 interest) in the apartment and its percentage interest in the common elements.

The contract states all the terms and conditions of the purchase and sale of the time share interval, and it incorporates the terms of the Escrow Agreement by reference.

Among its terms and conditions, the Sales Contract states:

1. That the Contract may be cancelled within seven days after the buyer signs the Contract and receives the Lika Lani Time Share Disclosure Statement;
2. The total purchase price and closing costs;
3. Truth-in-lending disclosures (for buyers taking a purchase money mortgage from sellers);
4. That the property, including all furnishings, is being sold in "as is" condition;
5. What happens if either party fails to fulfill its part of the Contract; and
6. That the obligations of multiple buyers are "joint and several."

END OF EXHIBIT "D"

**EXHIBIT "E"**

**Summary of Escrow Agreement**

A copy of the executed Escrow Agreement for the Lika Lani Time Sharing Program between Hawaii Escrow & Title Inc., as Escrow and the Developer, and Shell Development Corporation - Lawai, as sales agent, dated September 1, 1994, has been filed with the Real Estate Commission. This escrow agreement applies to the sale of time share intervals.

Among other things, the escrow agreement provides:

1. The escrow agreement is binding on each buyer.
2. Escrow will hold buyer's payments in a special account.
3. Escrow will prepare or order necessary documents and obtain necessary signatures.
4. Escrow may close the sale when it holds all necessary funds and papers, when all loan requirements have been met, when all of the buyer's cancellation rights have expired, when there are (or will be at closing) no blanket liens, and when there is a commitment to issue the buyer a title insurance policy.
5. No money will be paid, however, before seven days have elapsed after buyer signed the sales contract and received his disclosure statement.
6. No money will be paid until five days after the last day buyer is allowed to cancel the contract.
7. No money will be paid until the requirements of the Condominium Statute have been met.
8. No money will be paid prior to closing to pay for any construction costs.
9. A buyer may have a refund of his/her funds and notes (without interest) if the buyer or the seller gives a valid notice of cancellation during the 7-day period (described in paragraph 5 above), except \$25.00 may be withheld if buyer has not returned seller's materials.
10. A buyer may have a refund of his/her funds and notes (without interest), less escrow cancellation fee of \$25.00 and any costs, pursuant to Section 514A-62 or 514A-63 of the Hawaii Condominium Statute.
11. Escrow may charge \$25.00 cancellation fee.
12. If the developer cancels the contract because of buyer's default, then escrow will dispose of any funds as directed by the contract.
13. In the case of legal dispute, escrow need not act at all until the dispute is legally resolved.
14. Developer and buyer agree to repay escrow for losses and damages incurred in connection with the escrow agreement.

**END OF  
EXHIBIT "E"**