

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
KAHALUU BAY VILLAS
Kahaluu-Kona, Hawaii

REGISTRATION NO. 1513

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 but may only take reservations therefore after

- (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 : February 18, 1983
Expires: March 18, 1984

SPECIAL ATTENTION

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

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON AUGUST 16, 1982, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 10, 1983. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KAHALUU BAY VILLAS is a proposed fee simple condominium project consisting of one residential building containing a total of fifteen (15) apartments. Twenty-two (22) parking stalls are available as shown on the plans for the Project. Seventeen (17) are covered and five (5) are uncovered. Twenty (20) are standard sized and two (2) are compact sized. Each of the apartments shall have one (1) covered parking stall assigned to it. In addition, each of the six "Unit A" apartments shall have a second parking stall assigned to it. The final parking stall shall be assigned to the Manager.

2. The Developer of the Project has submitted to the Commission for examination all documents and exhibits necessary for the issuance of this Preliminary Public Report.
3. The basic documents (Declaration of Horizontal Property Regime, with Bylaws of Association of Apartment Owners attached, and a copy of the approved floor plans) have not yet been recorded in the office of the recording officer.
4. Advertising and promotional matter have been filed pursuant to the Rules and Regulations promulgated by the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
6. This Preliminary Public Report is made a part of the registration on the "KAHALUU BAY VILLAS" condominium project. The Developer has the responsibility of placing a true copy of the Preliminary Public Report (yellow paper stock) and Disclosure Statement in the hands of all purchasers and prospective purchasers and securing a signed receipt therefor.
7. This Preliminary Public Report automatically expires thirteen months after date of issuance, February 18, 1983, unless a Final or Supplementary Public Report is published or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: KAHALUU BAY VILLAS

LOCATION: The Project is located on 69,129 square feet of land situate in Kahaluu, Kona, Hawaii. The Developer intends to apply to the Planning Department and Planning Commission of the County of Hawaii for subdivision of a 7,903 square foot portion of the property located on the corner of Alii Drive and Mokolea Street which is to be conveyed to Mokuaikaua Church.

TAX KEY: 7-8-10:4 (portion), Third Division

ZONING: V-1.25 Resort Hotel District

DEVELOPER: The Notice of Intention reveals the Developer to be RICHARD W. CLARK and PATRICIA M. CLARK, husband and wife, having their post office address at Post Office Box 958, Kailua-Kona, Hawaii 96740 [Telephone (808) 325-7127].

ATTORNEY REPRESENTING DEVELOPER: Cohn & Smith (Robert L. Smith), 75-5722 Kuakini Hwy., Suite 101-A, Kailua-Kona, Hawaii 96740 [Telephone (808) 329-3501].

DESCRIPTION OF PROJECT: The proposed Declaration of Horizontal Property Regime states that there will be one residential building in the Project of three stories constructed principally of concrete, metal and glass, and containing a basement. The building contains a total of fifteen apartments. The parking areas provide twenty-two (22) parking stalls.

The apartments are of three basic types, described as follows:

(1) Each of the six (6) apartments designated on said Condominium File Plan as being "Unit A" consists of a living/dining room, two bedrooms each with an adjoining dressing room and adjoining bathroom, kitchen with pantry, and four lanais. The approximate gross area of each of said apartments is 1880 square feet with an approximate interior living area of 1475 square feet and lanais of 415 square feet.

(2) Each of the six (6) apartments designated on said Condominium File Plan as being "Unit B" consists of a living/dining room, two bedrooms each with an adjoining dressing room and adjoining bathroom, kitchen with pantry, and lanai. The approximate gross area of each of said apartments is 1416 square feet with an approximate interior living area of 1267 square feet and a lanai of 149 square feet.

(3) Each of the three (3) apartments designated on said Condominium File Plan as being "Unit C" consists of a living/dining room, kitchen, bathroom, bedroom and lanai. The approximate gross area of each of said apartments is 971 square feet, with an approximate interior living area of 883 square feet and a lanai of 88 square feet.

COMMON ELEMENTS: The remaining portions of the proposed Project are designated as "common elements", including specifically but not limited to:

- (a) The land.
- (b) The yards and grounds, fences, walkways, driveways, parking areas and pavement.
- (c) The recreational facilities with swimming pool and sauna.
- (d) Central facilities and appurtenant installations for utility and other common services such as power, light, gas and water.
- (e) All portions of the residential buildings not expressly included in an apartment.
- (f) All other buildings, apparatus and installations existing for common use, including the pavilion.
- (g) All other parts of the property necessary or convenient to its existence, maintenance and safety or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called the "limited common elements", are designated and set aside for the use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

- (a) Each apartment shall have appurtenant thereto an exclusive right to use the parking stall or stalls assigned to such apartment as set forth in Exhibit "A" attached

hereto. Each apartment shall always have at least one parking stall appurtenant to it but otherwise any parking stall may be conveyed and made appurtenant to another apartment by a written instrument expressly identifying the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall be denominated as an amendment to the Declaration, shall be executed by the owner of each apartment affected with the consent of the mortgagee of each apartment affected. The conveyance and Amendment of Declaration shall be effective upon filing of the same in the Bureau of Conveyances of the State of Hawaii. A copy of said instrument, together with the recording data, shall be given to the Association by the affected apartment owners within fifteen (15) days of the filing thereof.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project (called the "common interest") as set forth below and the same proportionate share in the common expenses of the project and for all other purposes, including voting.

<u>Unit Type</u>	<u>Percentage Common Interest</u>	<u>Number of Units</u>	<u>Total</u>
Unit A	8.2860	6	49.716%
Unit B	6.2409	6	37.445%
Unit C	4.2796	3	12.839%

NOTE: The percentage common interest may be altered upon the merger of additional increments in the Project as provided in paragraph 20 of the Declaration.

EASEMENTS: In addition to any easements designated in the proposed Declaration in the limited common elements, the apartments and common elements shall have and be subject to the following easements:

(a) Each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as herein provided and in all other apartments of the building for support.

(b) If any part of the common elements encroaches upon any apartment or if any apartment encroaches upon any common element, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. If any portion of the Project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements or apartments due to such construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist.

(c) The Association of Apartment Owners of the Project shall have the right, to be exercised by its Board of

Directors or Managing Agent, to enter any apartment or limited common element from time to time during reasonable hours as may be necessary for the operation of the Project or at any time for making emergency repairs therein required to prevent damage to any apartments or common elements or for the installation, repair or replacement of any common elements.

(d) The owners of any Commercial Unit which may be merged with the Project, acting through or under the Board and/or the Managing Agent, shall have an easement over, upon and through the common elements for the construction, operation and maintenance of installations for services necessary or appropriate for the operation of any Commercial Unit and/or commercial enterprise operating in any Commercial Unit. Any such installations shall be limited common elements appurtenant to the units which they serve, and the cost of the construction, operation and maintenance thereof shall be charged to and divided among the owners of the units to which such limited common element is appurtenant. Such installations shall be constructed, operated and maintained so as not to unreasonably disturb the use or enjoyment of the other apartments or their appurtenant limited common elements or detract from the appearance of the Project. The common elements and each apartment and its limited common elements shall be subject to an easement for access during reasonable hours for the construction and maintenance of any such installation.

PURPOSES OF BUILDING AND RESTRICTION AS TO USE: The apartments shall be occupied and used as dwellings by the respective owners thereof, their tenants, families, domestic servants and guests. No apartment owner shall enter into or permit, by deed, agreement of sale, lease, license or any other means, the use of his apartment for time-sharing purposes, which shall mean and include, but not be limited to, any plan of ownership wherein particular persons, as owners or otherwise, are permitted to use the apartment and its appurtenances for a particular recurring limited period of time.

Except for the above expressed restrictions, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration, Bylaws, and Ordinances of the County of Hawaii.

The House Rules provide in part that: (1) No livestock, poultry, rabbits, dogs, cats or other animals whatsoever will be allowed in the Project except household pets that are confined such as tropical fish and small birds; (2) Waterbeds or similar objects of potential threat to cause extensive damage to other apartments shall insure against water or structural damage and shall first be approved by the Board.

OWNERSHIP OF TITLE: The Preliminary Title Report dated January 21, 1983, issued by Security Title Corporation states that title to the land is vested in Mokuaikaua Church (Congregational), an Eleemosynary Hawaii Corporation. The Developer has purchased said property pursuant to an Agreement of Sale dated December 21, 1982, with the fee owner.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report dated January 21, 1983, reports that title to the land is subject to the following:

(a) For real property taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor, Third Division.

(b) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(c) Mortgage dated December 21, 1982, recorded on January 10, 1983, in the Bureau of Conveyances of the State of Hawaii in Book 16788 Page 775, made by MOKUAIKAUA CHURCH (CONGREGATIONAL), an eleemosynary Hawaii corporation, as Mortgagor(s), to FRANK ELBERT MIDKIFF, RICHARD LYMAN, JR., HUNG WO CHING, MATSUO TAKABUKI and MYRON BENNETT THOMPSON, Trustees of the Estate of Bernice Pauahi Bishop, as Mortgagee(s), to secure the repayment of the sum of \$792,248.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said Mortgagor(s) therein referred to.

(d) The effect if any, of the following:

(1) Department of Taxation, Tax Maps Bureau of the State of Hawaii, covering Tax Map Key: 7-8-10-4 shows "Pa kuakini" (wall) situate within the land herein described.

(2) Conditions as to the Warranty thereof set forth in Deed dated December 21, 1982, recorded on January 10, 1983, in said Bureau of Conveyances in Book 16788 Page 770.

(e) Agreement of Sale dated December 21, 1982, recorded on January 21, 1983, in the Bureau of Conveyances of the State of Hawaii in Book 16808 Page 125, made by and between MOKUAIKAUA CHURCH (Congregational), an eleemosynary Hawaii corporation, as Seller(s), and RICHARD W. CLARK and PATRICIA M. CLARK, husband and wife, as Joint Tenants, as Purchaser(s), wherein said Seller(s) agree(s) to sell, and said Purchaser(s) agree(s) to buy, the land therein described, for the consideration, and on the terms and conditions therein contained.

The Developer has informed the Commission that Developer will place a construction mortgage on the fee simple interest. The lien of the construction mortgage, the mortgage described in subparagraph (c) above and the Agreement of Sale described in sub-paragraph (e) above will be released and discharged of record as to each condominium apartment prior to transfer to a purchaser.

PURCHASE MONEY HANDLING: A copy of the specimen Deposit Receipt and Sales Contract and the executed Escrow Agreement dated August 11, 1982, have been submitted as part of the registration. The Escrow Agreement identifies SECURITY TITLE CORPORATION as the Escrow. Upon examination, the Deposit Receipt and Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is incumbent upon the purchaser and prospective purchaser that he read with care the specimen Deposit Receipt and Sales Contract and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of apartments and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds.

The executed Escrow Agreement provides in part:

A purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, with interest, if any one of the following has occurred:

(a) The Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the Deposit Receipt and Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer.

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall have been a change in the building plans, subsequent to the execution of purchaser's Deposit Receipt and Sales Contract, requiring approval of a county officer having jurisdiction over the issuance of building permits, unless such change is specifically authorized in the Declaration of Horizontal Property Regime or by the terms of the Deposit Receipt and Sales Contract or unless a purchaser's written approval or acceptance of the specific change is obtained or ninety days have elapsed since the purchaser has accepted in writing the apartment or the purchaser has first occupied the apartment; or

(d) The Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change shall not have been obtained; or

(e) The Final Report shall not have been issued within one (1) year from the date of issuance of the Preliminary Report and the purchaser has not waived or has not been deemed to have waived his right to a refund.

Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c), (d) or (e) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee to Escrow of \$25.00 per apartment) and thereupon said Deposit Receipt and Sales Contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

The specimen Deposit Receipt and Sales Contract also provides, in part, that all rights of a Purchaser are and shall be subject and subordinate to the liens of any mortgage(s), advances or sums heretofore or hereafter made to finance the construction and other costs of the Project.

MERGER OF ADDITIONAL INCREMENTS: The proposed Declaration provides that the Project may be amended by way of merger as set forth in Paragraph 20 of said proposed Declaration, which contains the provisions set forth immediately following this paragraph. At the

present time, the Developer intends to develop the fifteen (15) units covered by this report, which will be the first increment of development of the KAHALUU BAY VILLAS Project, and to further amend the Project as follows:

1. Any provision of the Declaration to the contrary notwithstanding, the Developer shall have the right at his option to amend the Project, by way of merger as provided, at any time up to, but not later than January 1, 1990, by the construction and addition to the Project of up to twenty-one (21) additional apartments, together with such supporting and servicing common elements which the Developer determines in his sole discretion are beneficial to the Project, and to further amend the Project within said time frame by the construction and addition of a commercial building and additional residential buildings, manager's quarters and such supporting and servicing common elements which the Developer determines in his sole discretion are beneficial to the Project on land adjoining or within the vicinity of the Project, whether such land be acquired by Developer in fee simple or pursuant to a long term lease, pursuant to Section 514A-19, Hawaii Revised Statutes.

2. The Project described herein is the first increment of a proposed four or five increment project, which may be developed in two or more increments, all at the option of the Developer. The purpose of the merger provisions of paragraph 20 of the Declaration is to provide for a merger of all increments just as if the increments involved had been developed as one single project. A merger may occur with respect to the second increment or any subsequent increments, or any one of them, at the same or different times, and merger with respect to one of said increments shall not affect the right of the Developer to merge another increment or increments at a later date subject to all of the provisions of the Declaration.

3. Merger shall take effect with respect to a particular additional increment upon the happening of all of the following conditions with respect thereto:

(a) Recordation in the Bureau of Conveyances of the State of Hawaii by the Developer of a Declaration of Horizontal Property Regime and Bylaws covering the additional increment in a form substantially identical (except for the descriptions of apartments and the common elements and the percentage of common interest therein and except for such matters as may be required to conform to any amendments of Chapter 514A, Hawaii Revised Statutes, enacted subsequent to the recordation hereof) and a Condominium File Plan depicting the plot and floor plans of the additional increment, both complying with the requirements of said Chapter 514A, as amended; and

(b) Recordation in the Bureau of Conveyances of the State of Hawaii by the Developer of a "Certificate of Merger", which Certificate shall contain: (i) A certification by a Hawaii registered architect or professional engineer that the final plans theretofore filed for the increments being merged, or being filed simultaneously with such certificate, fully and accurately depict the layout, location, apartment numbers, dimensions and elevations of the apartments of the increments being merged, as built; (ii) A certification by the Developer that the increment has been substantially completed, that a notice of completion has been filed and that the period for filing of mechanics' and materialmen's liens has expired; and (iii) The common interest of each apartment of the Project after completion of the subject merger.

4. The percentage of common interest of each apartment upon merger with an additional increment shall be calculated by dividing such apartment's floor area by the floor area of all apartments in the Project after merger. The "floor area" of any apartment includes the total square feet of the apartment and its lanai(s), if any. The Developer may add or subtract up to .0009% to one apartment owned by Developer, at his discretion, for the sole purpose of ensuring that the total common interests for all apartments equals One Hundred Percent (100%).

5. From and after the date of the recordation of said Certificate of Merger with respect to a particular additional increment, the following consequences shall ensue:

(a) Use of Common Elements. The apartments in each of the merged increments shall have the right to use the common elements in each increment to the same extent and subject to the same limitations as are imposed upon an apartment in each increment just as though the merged increments had been developed as one project.

(b) Board of Directors. The Board of the Project existing immediately prior to the merger of a particular additional increment shall govern the merged project after completion of the merger; at a special meeting called for the purpose after the merger, the apartment owners may remove said existing Board and elect a new Board to govern the merged project until the next annual meeting. Procedures for calling and holding such meetings shall be those as set forth in the Bylaws.

6. Such additional apartments and common elements of each additional increment shall be located on the land described herein or on land adjoining or within the vicinity of the Project, or parts thereof, of their respective increment as determined by the Developer in his sole discretion, with reference, however, to the advice of a registered architect or professional engineer. Until the initial conveyance by Developer of such apartments, the Developer shall for all purposes be deemed the "apartment owner" as to such additional apartments.

7. In connection with, and only to the extent necessary for the creation of such additional apartments and common elements, as aforesaid, the Developer shall have the right up to January 1, 1990, or upon merger of all increments, whichever shall first occur, to remove, amend or add common elements; to remove, amend or add parking spaces; to enter upon the Project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing said additional apartments and common elements according to plans and specifications or amended plans and specifications approved by the officer of the County of Hawaii having jurisdiction over the issuance of building permits; to connect the additional apartments and common elements to utilities of the Project, to file amendments to the Declaration for purposes of certifying condominium maps filed as reflecting the improvements shown therein to be "as built"; and to sell or designate owners of the additional apartments. Such rights shall include the following:

(a) An easement over, under and across the common elements of the Project for the purposes of all work connected with or incidental to the development, construction and sale of apartments in any undeveloped portions of the additional increments;

(b) The right appurtenant to the undeveloped increments, in the nature of an easement over and upon the Project and the developed increments, to create and cause dust, noise, vibration and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of apartments in said undeveloped increments;

(c) The right to enter the common areas of the Project for the purpose of showing prospective purchasers of apartments in the Project or in undeveloped increments the facilities of the Project;

(d) The right to place signs upon the Project and on undeveloped increments in conjunction with sales of apartments;

(e) The right of the Developer to use any apartment owned or rented by the Developer for sales or display purposes until all apartments in all increments are sold.

Developer shall use his best efforts to keep his exercise of the rights reserved to him in paragraph 20 of the Declaration from unreasonably interfering with the rights of the other apartment owners in the Project.

8. In the event of each merger as aforesaid, each owner of a then added apartment shall be required to advance to the Association, as constituted after merger, upon filing of the respective Certificate of Merger, an amount equal to the average existing apartment's share of funds on deposit immediately prior to such merger with the Association created for operation of the merged project, including the Maintenance Reserve Fund, but excluding funds which will be expended during the next thirty (30) days.

9. The Developer shall have the right to execute, acknowledge and deliver any and all instruments necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers and privileges granted by paragraph 20 of the Declaration, all as the true and lawful attorney-in-fact of the respective owners from time to time of the apartments of the Project as herein originally constituted or as merged as aforesaid.

10. No apartment owner in the Project shall enter into or offer to enter into any arrangement with any other apartment owner in the Project whereby any rental pool of apartments or any other sharing of rental income of apartments is established. This restriction shall terminate on the earlier of:

(a) January 1, 1990; or

(b) The date of which all apartments in all increments have been developed and sold by the Developer. The Developer may at any time waive this restriction by written notice to all apartment owners in the Project.

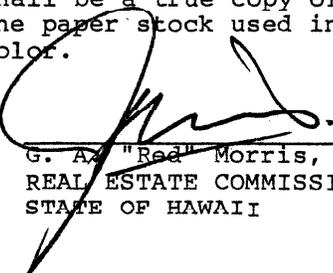
MANAGEMENT AND OPERATIONS: The proposed Declaration provides that the administration of the Project shall be vested in the Association of Apartment Owners. Operation of the Project shall be conducted for the Association by a responsible corporate Managing Agent who shall be appointed by the Association in accordance with the Bylaws except that the initial Managing Agent shall be appointed by the Developer. It is anticipated that Crest Properties, Inc., whose principal place of business and mailing address is 75-5722 Kuakini Hwy., Suite 107, Kailua-Kona, Hawaii 96740 (Phone: 329-4155), will be named as the initial Managing Agent.

STATUS OF PROJECT: The Developer obtained on October 29, 1981, conditional approval for a Special Management Area Use Permit and obtained on November 18, 1981, conditional approval for a Planned Development Permit from the County Planning Commission. The Developer anticipates that construction will commence about April 1, 1983, and be completed in approximately eight (8) months.

The purchaser or prospective purchaser shall be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted August 16, 1982, and information subsequently filed as of February 10, 1983.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1513.

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


G. A. "Red" Morris, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
Department of Finance
Bureau of Conveyances
Planning Department, County of Hawaii
Federal Housing Administration
Escrow Agent

REGISTRATION NO. 1513

Date: February 18, 1983

EXHIBIT "A"

PARKING STALL ASSIGNMENTS

The parking stalls of the Project are assigned to and made limited common elements appurtenant to the apartments designated hereinbelow:

<u>Apartment No.</u>	<u>Parking Stall No.</u>
101	1, 22
102	4
103	8
104	10
105	11, 19
201	2, 21
202	5
203	7
204	9
205	12, 18
301	3, 20
302	6
303	16
304	15
305	13, 14

NOTE: Parking Stall No. 17 shall be reserved for the Manager.
Parking Stalls Nos. 1 and 2 are compact sized.

END OF EXHIBIT "A"

DISCLOSURE STATEMENT

FOR

KAHALUU BAY VILLAS

1. Name of Project: KAHALUU BAY VILLAS
2. Address of Project: Kahaluu, North Kona, Hawaii
3. Developer Information: RICHARD W. CLARK and
PATRICIA M. CLARK
P. O. Box 958
Kailua-Kona, Hawaii 96740
Phone: (808) 325-7127
4. Project Manager: The Managing Agent for the Project is Crest Properties, Inc., 75-5722 Kuakini Hwy., Suite 107, Kailua-Kona, Hawaii 96740 (Phone: 329-4155).
5. Maintenance Fees: Schedules of the estimated annual maintenance fees for the Project and the estimated monthly maintenance fees for each apartment type are attached hereto and made a part hereof. The maintenance fees cover the "common expenses" (as defined in the Bylaws of the Association of Apartment Owners of Kahaluu Bay Villas).

Because the Association of Apartment Owners will be newly organized and will have no history of operations, the Developer can make no assurances regarding the estimated maintenance assessments. In addition, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies, and other factors may also cause the maintenance assessments to be greater or lesser than the estimated maintenance assessments. The attached schedules of the estimated costs for each apartment do not include the purchaser's obligation for the payment of real property taxes. The actual amount of real property taxes for each apartment will not be assessed until after construction of the Project is completed. Estimates of the real property taxes will be provided upon request.

6. Warranties:

The execution, delivery and recordation of the purchaser's apartment deed shall constitute the conveyance by Developer to purchaser of any and all warranties given the Developer by any subcontractors or materialmen, and the benefit of such warranties shall accrue to purchaser on closing without further instruments or documents. Developer will cooperate with purchaser during the effective period of any such warranties in asserting any claims based on such warranties. Purchaser shall also have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the apartment. Warranties on appliances furnished with an apartment shall also be assigned by the Developer and shall thereafter run in favor of the apartment purchaser directly from the manufacturer. These warranties will expire at different times, depending on the date of installation of the

appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.

Developer makes no other warranties, express or implied, with respect to any apartment or common element or anything installed therein.

7. The Project is a residential project and does not contain any apartments for hotel use. Purchasers are referred to the Declaration of Horizontal Property Regime and Bylaws of the Association of Apartment Owners as to further use restrictions.
8. There is no commercial or non-residential development in the Project. However, this is the first phase of an incremental development which may include a restaurant or other commercial development on adjoining property in the future.

DATED: Kailua-Kona, Hawaii, Feb 17, 1983.

Richard W. Clark
RICHARD W. CLARK

Patricia M. Clark
PATRICIA M. CLARK

Attachment: Maintenance fees schedule

PROPOSED OPERATING BUDGET
 KAHALUU BAY VILLAS
INCREMENT I (15 UNITS)

I. ANNUAL MAINTENANCE BUDGET

	<u>MONTHLY</u>	<u>YEARLY</u>
ELECTRICITY	\$ 375.00	\$ 4,500.00
WATER & SEWER	250.00	3,000.00
TELEPHONE	35.00	420.00
REFUSE COLLECTION	45.00	540.00
MANAGEMENT	150.00	1,800.00
ACCOUNTING & OFFICE SUPPLIES	300.00	3,600.00
LANDSCAPE MAINTENANCE	150.00	1,800.00
MANAGER SALARY (PART TIME)	500.00	6,000.00
TAXES (GROSS INCOME)	6.00	72.00
TAXES (PAYROLL)	50.00	600.00
BUILDING MAINTENANCE	300.00	3,600.00
ELEVATOR MAINTENANCE	175.00	2,100.00
MISCELLANEOUS & RESERVE	100.00	1,200.00
INSURANCE	<u>108.00</u>	<u>1,296.00</u>
TOTAL	\$2,542.00	\$30,528.00

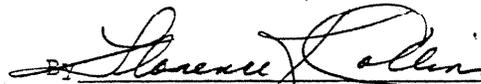
II. ESTIMATED INITIAL MONTHLY MAINTENANCE FEE

<u>APARTMENT TYPE</u>	<u>PERCENTAGE OF COMMON INTEREST</u>	<u>MONTHLY COMMON ELEMENT MAINTENANCE EXPENSE</u>
A	8.2869	\$ 210.63
B	6.2409	158.64
C	4.2796	108.79

THE UNDERSIGNED CERTIFIES that the above estimate of common expenses, annual charges and monthly charges for Kahaluu Bay Villas, Increment I, were prepared in accordance with generally accepted accounting principles.

Dated August 13/82, at Kailua-Kona, Hawaii.

CREST PROPERTIES, INC.


 FLORENCE K. COLLINS
 Its President/Secretary/
 Treasurer