

**REAL ESTATE COMMISSION**

PROFESSIONAL & VOCATIONAL LICENSING DIVISION

DEPARTMENT OF Commerce and Consumer Affairs

STATE OF HAWAII

1010 RICHARDS STREET

P. O. BOX 3469

HONOLULU, HAWAII 96801

**FINAL  
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)  
PUBLIC REPORT**

on

WAILEA BAY ESTATES

Lalamilo, South Kohala, Hawaii

REGISTRATION NO. 1541

**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 18, 1983  
EXPIRES: June 18, 1984

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 MARCH 31, 1983, AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 12, 1983. THE DEVELOPERS, BY NOTIFYING THE COMMISSION OF THEIR INTENTION TO SELL, ARE COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. The "WAILEA BAY ESTATES" condominium project is a fee simple condominium which consists of three residential apartments and three parking stalls.

2. The Developers of the Project have submitted to the Commission for examination all documents deemed necessary for registration of the Project and the issuance of this Final Public Report.

3. The Declaration of Horizontal Property Regime for WAILEA BAY ESTATES and the By-Laws for WAILEA BAY ESTATES, both dated January 19, 1983, were filed at the Office of Assistant Registrar of the Land Court of the State of Hawaii as Document Nos. 1150967 and 1150968, respectively. The floor plans were filed in said Office as Condominium Map No. 485.

4. The Developers have filed all advertising and promotional material for the Project 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 rules and regulations promulgated thereunder which relate to horizontal property regimes.

6. This Final Public Report is made a part of the registration of WAILEA BAY ESTATES condominium project. The Developers are responsible for placing a true copy of this Final Public Report (white paper stock) and attached Disclosure Abstract in the hands of all purchasers or prospective purchasers. It is also the responsibility of the Developers to obtain the required receipts signifying that the purchaser has had an opportunity to read this Report.

7. This Final Public Report automatically expires thirteen (13) months after date of issuance, May 18, 1983, 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.

NAME OF PROJECT: WAILEA BAY ESTATES

LOCATION. The Project is located at Lalamilo, South Kohala, County of Hawaii, State of Hawaii and has a land area of approximately 53,152 square feet, more or less.

TAX KEY: Third Division, 6-6-02:22

ZONING: RS-15 under the Ordinances of the County of Hawaii.

DEVELOPERS: Ron Gordon, unmarried, 1040 Edgewood Road, Mill Valley, California 94941, Telephone: (415) 928-2800, and Sam Monet and Holly Monet, husband and wife, P.O. Box 4607, Kawaihae, Hawaii 96743, Telephone: (808) 882-7809.

ATTORNEY REPRESENTING DEVELOPERS: MUKAI, ICHIKI, RAFFETTO & MACMILLAN, 345 Queen Street, Suite 800, Honolulu, Hawaii 96813, Telephone: (808) 531-6277 (Attn: Wesley Y. S. Chang, Esq.).

DESCRIPTION OF PROJECT: The Declaration indicates that the project consists of a total of three (3) separate condominium apartments, together with three (3) separate parking stalls.

The apartments have been designated as Apartments "A", "B" and "C". Apartment A is situate on the southernmost end of the Project and Apartment C is situate on the northernmost end of the Project. Apartment B is situate between Apartments A and C. The apartments are located as shown on said Condominium Map No. 485 and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. None of the apartments have any basement. The apartments are constructed principally of wood, glass and related building materials. Apartments A and B are constructed on a post and pier foundation, and Apartment C is constructed on a concrete block foundation.

1. Description of Apartments. Each apartment contains the number of rooms and the approximate floor area according to the Declaration and Condominium Map No. 485 as follows:

a. Apartment A. Apartment A consists of two (2) detached structures. The first such structure is a two-story structure situate nearest the ocean in the area outlined in blue on the Condominium Map and consists of three (3) rooms including a bathroom, living room/kitchen and sleeping loft, with a total living area of approximately 533 square feet and three (3) decks with a total area of 296 square feet. The lower level of such structure consists of two (2) rooms including the living room/kitchen and bathroom with a total living area of approximately 369 square feet and two (2) decks with areas of approximately 92 square feet and 164 square feet, respectively. The upper level of the two-story structure includes a sleeping loft with a total living area of approximately 164 square feet and a deck with an area of approximately 40 square feet.

The second structure included in Apartment A is a storage structure consisting of five (5) rooms with a total room area of approximately 1,400 square feet and two (2) decks with a total area of approximately 317 square feet. The structure is a two-story structure with three (3) storage areas situate on the lower level and two (2) storage areas situate on the upper level.

The total net living area for the apartment, computed by measuring from the interior surface of the apartment is 1,793 square feet.

b. Apartment B. Apartment B consists of four (4) structures which are physically connected by trellises between the structures. The first structure is situate on the westernmost end of the area outlined in orange on the Condominium Map and is a two-story structure consisting of eight (8) rooms with a total living area of approximately 1,986 square feet and three (3) decks with a total area of approximately 552 square feet. The lower level of the structure consists of four (4) rooms, including a kitchen/living room, pantry, bathroom and bedroom with a total living area of approximately 948 square feet. The upper level of the structure consists of four (4) rooms, including a bathroom, dressing room, sitting room and bedroom, with a total living area of approximately 1,038 square feet. The structure also includes two (2) decks on the lower level with areas of approximately 240

square feet and 72 square feet, respectively, and a deck on the upper level with an area of approximately 240 square feet.

The second structure included in Apartment B is located closest to the first structure as one moves in a clockwise direction and consists of a single story structure with two (2) rooms, including a bedroom and a single bathroom, with a total living area of approximately 480 square feet, and a deck with an area of approximately 160 square feet.

The third structure included in Apartment B is located adjacent to the second structure and is a two-story structure consisting of a total of seven (7) rooms with a total living area of approximately 653 square feet, together with a garage with a total area of approximately 486 square feet and two (2) decks with a total area of approximately 470 square feet. The lower level of said structure consists of four (4) rooms, including a bedroom, bathroom and two (2) storage areas, with a total living area of approximately 333 square feet, a garage with an area of approximately 486 square feet, and a deck with an area of approximately 246 square feet. The upper level of said structure consists of three (3) rooms, including a bathroom, bedroom and storage closet with a total living area of approximately 320 square feet, and a deck with an area of approximately 224 square feet.

The fourth structure is situate on the southeastern end of the area outlined in orange on the Condominium Map and consists of a single-story structure containing a total of three (3) rooms, with a total living area of approximately 532 square feet, including a bedroom/living area, a bathroom and a storage area, and a deck with an area of approximately 340 square feet.

The total net living area for the apartment, computed by measuring from the interior surface of the apartment is 3,751 square feet.

c. Apartment C. Apartment C is a two-story structure consisting of five (5) rooms with a total living area of approximately 1,454 square feet, together with a garage with an area of approximately 360 square feet and two (2) decks with a total area of approximately 559 square feet. The lower level of said structure consists of two (2) bedrooms with a total living area of approximately 547 square feet, an open garage with an area of approximately 360 square feet and a patio deck with an area of approximately 212 square feet. The upper level of said structure consists of three (3) rooms, including a kitchen/living room, bathroom, bedroom, with a total living area of approximately 907 square feet, and a deck with an area of approximately 347 square feet.

The total net living area for the apartment, computed by measuring from the interior surface of the apartment is 1,694 square feet.

## 2. Limits of Apartments.

The Declaration provides that the apartments shall not be deemed to include any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or

serve more than one apartment, the same being deemed common elements as provided in the Declaration.

Each apartment is deemed to include all the walls and partitions within its perimeter walls, all walls, floor slabs, footings, interior floors, ceilings and roofs, doors and door frames, windows and window frames, any appurtenant lanais and terraces, its appurtenant entry and stairway, any appurtenant decks, any appurtenant balcony or balconies, parking garage, and all fixtures originally installed therein.

3. Access. Each apartment has immediate access to its entry and to the stairway leading to the grounds of the Project.

COMMON ELEMENTS. The recorded Declaration states that the common elements shall include the limited common elements described below, and all portions of the land and improvements other than the apartments, including the buildings, the land on which the buildings are located and all common elements mentioned in the Horizontal Property Act which are actually constructed on the land described in the Declaration. Said common elements shall include, but shall not be limited to:

- (a) The land described in the Declaration.
- (b) All yards, grounds, landscaping and like facilities.
- (c) All roads, driveways, loading areas, parking area entryways and exitways and other areas, outlined in black on said Condominium Map.
- (d) All central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and other apparatus and installations existing for common use.
- (e) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment.

LIMITED COMMON ELEMENTS. Certain parts of the common elements, hereinafter called the "limited common elements", are set aside and reserved by the Declaration for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside are as follows:

1. The site of each apartment and the private yard area and driveway areas adjacent thereto, as shown and delineated in color on Sheet No. 1 of said Condominium Map, shall be a limited common element for the exclusive use of the apartment to which it is appurtenant; provided that each such apartment owner shall be responsible for and shall bear the expense of installing and maintaining all landscaping within such limited common element area, and of repairing, restoring or reinstating any walkways,

stairways, fences, walls, pavement, cesspools, water and sewer lines, and other improvements located within such designated limited common element area; provided, further, that in the event of any sewer stoppage or cesspool breakdown which affects any individual apartment, the owner of such apartment shall be responsible for and shall bear the expense of repairing or treating such cesspool and of cleaning the sewer line which connects to any main sewer line running beneath the streets of the Project.

2. Parking Stall No. 1 shall be a limited common element appurtenant to and for the exclusive use of Apartment A and Parking Stall Nos. 2 and 3 shall be limited common elements appurtenant to and for the exclusive use of Apartment B.

3. Each apartment shall have appurtenant to it the planting area outlined on the Condominium Map in the colors set forth in the Declaration; provided, however, that the planting strip for Apartment C shall be subject to an easement for utility purposes.

All costs of every kind pertaining to each limited common element, including but not limited to costs of maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner of the apartment to which it is appurtenant.

INTEREST TO BE CONVEYED TO PURCHASERS. Purchasers securing an apartment deed will obtain an apartment together with an undivided thirty-three and one-third percent (33-1/3%) interest (herein referred to as the "common interest") in all common elements of the Project. This same percentage interest for each apartment shall be used in determining each purchaser's proportionate share of all common profits and expenses of the project and shall be used for all other purposes including determining the proportionate representation for voting purposes in the Association of Apartment Owners of the Project.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE. The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests and may be utilized for long-term or transient rentals, including vacation rentals, but specifically excluding timesharing plans. Subject to the foregoing limitations, the owners of the respective apartments shall have the absolute right to rent or lease the same subject to the limitations, restrictions, covenants and conditions of the Declaration.

ALTERATION OF UNITS: The Declaration provides that the owner of any apartment shall have the right at any time and from time to time, at such owner's sole cost and expense and without the consent or joinder of the Board or any other person or group, to install, maintain, remove, and rearrange partitions and other structures from time to time within such owner's apartment, and may paint, paper, panel, plaster, tile, finish, and do such other work on the interior surfaces of the ceilings, floors and walls within any such apartment and may finish, alter or substitute any plumbing, electrical or other fixtures attached to said ceiling, floors and walls as shall be appropriate for the utilization of

such apartment; provided, that such plumbing and electrical alterations and/or substitutions shall not adversely interfere with the use and enjoyment of the common elements by the other owners. Any owner of an apartment which shall be divided by a common element which is a wall shall have the right at any time, and from time to time, to alter or remove all or portions of the intervening wall so long as such alteration or removal shall not interfere with the use or enjoyment of any other apartment if the structural integrity of the Project is not thereby affected and if the finish of the common element then remaining is restored to the condition substantially comparable to that of the common element prior to such alterations; provided, that any alteration of a common element shall be performed under the supervision of a licensed architect. Prior to commencing any alteration of a common element, such owner shall present to the Board of Directors of the Association of Apartment Owners the signed statement of a professional engineer certifying that all requisite building or other permits have been obtained and that the proposed alteration will not affect the structural integrity of the Project and shall secure a performance and payment bond naming as obligees such owner, the mortgagee of the apartment and collectively the owners and mortgagees of all other apartments, as their interests may appear, in a penal sum of not less than one hundred percent (100%) of the cost of the construction, guaranteeing completion of construction free and clear of all mechanics' and materialmen's liens. Upon the completion of any alteration which results in a change in the Project as depicted in the Condominium Map, said owner shall have the right to and shall, in connection with the alteration, to execute and file an amendment to the Declaration and said Condominium Map to accurately describe and depict said alteration; provided, however, that any such amendment shall be at the altering owner's sole cost and expense.

OWNERSHIP OF TITLE: A Preliminary Title Report dated March 17, 1983, issued by Title Guaranty of Hawaii, Inc. states that the property is vested in Ron Gordon, unmarried, as to Apartment A, Sam Monet and Holly Monet, husband and wife, as to Apartment B, and Ron Gordon, unmarried, and Sam Monet and Holly Monet, husband and wife, as to Apartment C.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report reports that title to the land is subject to the following:

AS TO ALL APARTMENTS:

1. Easement (5 feet wide) for utility purposes located over and across the easterly side portion of Lot 7, as shown on Map 2, as set forth by Land Court Order No. 18925, filed April 18, 1961.
2. A grant in favor of Hawaiian Trust Company, Limited, a Hawaii corporation, granting a nonexclusive right and easement for the installation, maintenance, repair and removal of a pole and wire line for electric power and communication facilities over, across, along and upon Lot 7, besides other land, appurtenant to Lots 2, 1-A, 1-B, 1-C, 1-D, 1-E and 1-F, as set forth in instrument dated June 27, 1961, filed as Document No. 278350.

3. A grant in favor of Eleanor Wishard Sexton, wife of Leo Lloyd Sexton, granting a nonexclusive easement for the installation, maintenance, repair and removal of a pole and wire line for electric power and communication facilities over, across, along, and upon Lot 7, besides other land, appurtenant to Lots 6 and 3, as set forth in instrument dated June 27, 1961, filed as Document No. 278351.
4. A grant in favor of Catherine Wishard Lowrey, wife of John Jewett Lowrey, granting a nonexclusive right and easement for the installation, maintenance, repair and removal of a pole and wire line for electric power and communication facilities over, across, along, and upon Lot 7, besides other land, appurtenant to Lot 5, as set forth in instrument dated June 27, 1961, filed as Document No. 278352.
5. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime of Wailea Bay Estates and accompanying By-Laws of the Association of Apartment Owners of Wailea Bay Estates, both dated January 19, 1983, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document Nos. 1150967 and 1150968, respectively, as the same are or may hereafter be amended in accordance with law, said Declaration or By-Laws. (Project covered by Condominium Map No. 485 filed in said Office of the Assistant Registrar). The First Amendment to Declaration of Horizontal Property Regime of Wailea Bay Estates dated April 19, 1983 was filed as Document No. 1164075 on April 25, 1983.
6. For real property taxes due and payable, reference is made to Director of Finance, County of Hawaii.

AS TO APARTMENT A:

1. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed dated January 19, 1983, filed as Document No. 1150969.
2. That certain Mortgage dated January 6, 1983, made by Ron Gordon, unmarried, as Mortgagor, in favor of Leslie Winstead Wishard, Jr., husband of Leona DeLuca Wishard, as Mortgagee, and filed as aforesaid as Document No. 1150970 and noted on Transfer Certificate of Title No. 246,098.
3. That certain Second Mortgage, Security Agreement and Financing Statement dated January 26, 1983, made by Ron Gordon, unmarried, as Mortgagor, in favor of Nakamoto, Yoshioka & Okamoto, Attorneys At Law, a Law Corporation, a Hawaii corporation, as Mortgagee, and filed as aforesaid as Document No. 1150971 and noted on Transfer Certificate of Title No. 246,098.

NOTE: The Developers have filed with the Commission a copy of the hereinabove second mortgage release filed in Land Court as Document No. 1164291 on April 26, 1983.

AS TO APARTMENT B:

1. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed dated January 19, 1983, filed as Document No. 1150972.
2. That certain Mortgage dated January 6, 1983, made by Sam Monet and Holly Monet, husband and wife, as Mortgagor, in favor of Leslie Winstead Wishard, Jr., husband of Leona DeLuca Wishard, as Mortgagee, and filed as aforesaid as Document No. 1150973 and noted on Transfer Certificate of Title No. 246,099.
3. That certain Second Mortgage, Security Agreement and Financing Statement dated January 19, 1983, made by Sam Monet and Holly Monet, husband and wife, as Mortgagor, in favor of Nakamoto, Yoshioka & Okamoto, Attorneys At Law, a Law Corporation, a Hawaii corporation, as Mortgagee, and filed as aforesaid as Document No. 1150974 and noted on Transfer Certificate of Title No. 246,099.

NOTE: The Developers have filed with the Commission a copy of the hereinabove second mortgage release filed in Land Court as Document No. 1164292 on April 26, 1983.

AS TO APARTMENT C:

1. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed dated January 19, 1983, filed as Document No. 1150975.
2. That certain Mortgage dated January 6, 1983, made by Ron Gordon, unmarried, and Sam Monet and Holly Monet, husband and wife, as Mortgagor, in favor of Leslie Winstead Wishard, Jr., husband of Leona DeLuca Wishard, as Mortgagee, and filed as aforesaid as Document No. 1150976 and noted on Transfer Certificate of Title No. 246,100.
3. That certain Second Mortgage, Security Agreement and Financing Statement dated January 26, 1983, made by Ron Gordon, unmarried, and Sam Monet and Holly Monet, husband and wife, as Mortgagor, in favor of Nakamoto, Yoshioka & Okamoto, Attorneys At Law, a Law Corporation, a Hawaii corporation, as Mortgagee, and filed as aforesaid as Document No. 1150977 and noted on Transfer Certificate of Title No. 246,100.

NOTE: The Developers have filed with the Commission a copy of the hereinabove second mortgage release filed in Land Court as Document No. 1164293 on April 26, 1983.

PURCHASE MONEY HANDLING: An executed Escrow Agreement dated March 31, 1983, identifies Title Guaranty Escrow Services, Inc., a Hawaii corporation, as the escrow agent. Upon examination, the specimen Deposit Receipt and Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly §514A-39 and §514A-63 through §514A-66.

Among other provisions, the Escrow Agreement provides that a purchaser under a Sales Contract shall be entitled to a return of

his funds, without interest and less the \$25.00 escrow cancellation fee, after purchaser has requested such return and if Escrow shall have received from Developers a written notice that any one of the following has occurred:

(a) Developers and purchaser shall have requested Escrow to return to purchaser the funds of purchaser then being held hereunder by Escrow; or

(b) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Public Report, there shall have been a change in the building plans requiring approval of a county officer having jurisdiction over the issuance of building permits except such changes as are specifically authorized in the Declaration of Horizontal Property Regime or by the terms of the sales contract or to which said purchaser has otherwise consented in writing or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he has first occupied the apartment.

NOTE: Purchasers should be informed that the Deposit Receipt and Sales Contract provides that the apartment is being sold in "as is" condition and that the Developers have made no warranties whatsoever, express or implied, with respect to the apartment, the Project, or any common elements or anything installed therein. Each purchaser shall be responsible for installing in his apartment, at his own expense, all interior partitions, duct work, plumbing, electrical and other fixtures, walls, floor coverings and other improvements required to complete the improvements to Buyer's satisfaction. Said improvements shall be constructed in accordance with all laws, regulations and ordinances.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement and Deposit Receipt and Sales Contract before executing the Deposit Receipt and Sales Contract, since the Escrow Agreement describes the procedure for receiving and disbursing purchasers' funds, and the Deposit Receipt and Sales Contract specifically provides that the purchaser approves the Escrow Agreement and assumes the benefit and obligations therein provided.

MANAGEMENT OF PROJECT: The By-Laws provide that the 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 By-Laws, except that the initial Managing Agent shall be appointed by the Developers. The Managing Agent is hereby authorized to receive service of legal process in all cases provided in the Horizontal Property Act. The Developers have advised the Commission that the initial Managing Agent shall be Butterfly Bookkeeping Incorporated, a Hawaii corporation, P. O. Box 4607, Kawaihae, Hawaii 96743.

STATUS OF PROJECT: The Developers have advised that construction of the Project has been completed.

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The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted

March 31, 1983 and information subsequently filed as of May 12, 1983.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT, is made a part of REGISTRATION NO. 1541 filed with the Commission on March 31, 1983.

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



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G. A. "RED" MORRIS, Chairman  
Real Estate Commission  
State of Hawaii

Distribution:

Department of Finance,  
County of Hawaii  
Bureau of Conveyances  
Planning Department,  
County of Hawaii  
Federal Building Administration  
Escrow Agent

Registration No. 1541

Dated: May 18, 1983



WAILEA BAY ESTATES CONDOMINIUM PROJECT  
REGISTRATION NO. 1541  
DISCLOSURE ABSTRACT AS OF April 27, 1983

1. Name and Address of Project: Wailea Bay Estates, Lalamilo, South Kohala, Hawaii.

2. Name, Address and Telephone Number of Developer: Ron Gordon, Sam Monet, and Holly Monet, P. O. Box 4607, Kawaihae, Hawaii 96743. Telephone: (808) 882-7809.

3. Managing Agent of Project: Butterfly Bookkeeping Incorporated, P. O. Box 4607, Kawaihae, Hawaii 96743. Telephone: (808) 882-7809.

4. Maintenance Fees: The breakdown of the annual maintenance fees and the monthly estimated costs for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the maintenance fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each Buyer should check the attached maintenance fee schedule to see what services are included therein.

5. Warranties: The Developer does not warrant the structural quality or integrity of Apartments B and C or the mechanical soundness of any of the systems of Apartments B and C or the useful life thereof. DEVELOPER HAS MADE NO WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO APARTMENTS B AND C, THE PROJECT, OR ANY COMMON ELEMENTS OR ANYTHING INSTALLED THEREIN. When a purchaser buys Apartment B or Apartment C the purchaser accepts the same "as is" without warranties or representations as to the condition thereof and assumes all risks of defects known or unknown.

6. Use: The Project shall consist of three (3) apartments which shall be occupied and used as private dwellings, by the respective owners, their tenants, families, domestic servants and social guests, for long-term or transient rentals, including vacation rentals, but specifically excluding time sharing plans.



EXHIBIT "A"

Monthly Estimated Cost for Each Apartment

1. Total Estimated Monthly Fees  
(See Exhibit "B" attached) \$ 300.00
  
2. Total Estimated Annual Maintenance Fees  
(\$ 300.00 x 12) \$ 3,600.00
  
3. Estimated Monthly Cost Per Apartment:

| <u>Apt. No.</u> | <u>Percentage<br/>Common<br/>Interest</u> | <u>Estimated Monthly<br/>Maintenance Fees</u> |
|-----------------|---|---|
| A               | 33-1/3                                    | \$ <u>100.00</u>                              |
| B               | 33-1/3                                    | \$ <u>100.00</u>                              |
| C               | 33-1/3                                    | \$ <u>100.00</u>                              |

