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
W. F. DILLINGHAM MEDICAL CENTER
Corner of Kuakini Hwy. and Lako Street
Kona, Hawaii

REGISTRATION NO. 1562

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: October 6, 1983

Expires: November 6, 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 AUGUST 25, 1983 AND INFORMATION SUBSEQUENTLY FILED ON SEPTEMBER 23, 1983. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. W. F. DILLINGHAM MEDICAL CENTER is a proposed leasehold condominium project which will consist of eight (8) office buildings divided into two (2) clusters. The buildings in each cluster will be terraced and connected by common walkways. There will be thirty-nine (39) office apartments to be sold as loft space and 180 unassigned parking stalls in the three-level parking garage (with 24 of the parking spaces to be designated as compact parking spaces).

2. The Developer has submitted to the Commission for examination all documents necessary for the issuance of this Preliminary Public Report.

3. No advertising or promotional matter has been submitted pursuant to the Rules and Regulations promulgated by the Commission.

4. The Developer advises that the Declaration of Horizontal Property Regime (the "Declaration") and Bylaws of Association of Apartment Owners (the "Bylaws") have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.

5. The Purchaser or prospective Purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514A of the Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, October 6, 1983, unless a Final Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective period of this report.

7. This Preliminary Public Report is made a part of the registration of the W. F. DILLINGHAM MEDICAL CENTER condominium project. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) and attached Disclosure Abstract in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt therefor.

NAME OF PROJECT: W. F. DILLINGHAM MEDICAL CENTER.

LOCATION: The Project is located at the corner of Kuakini Highway and Lako Street in Kona, Hawaii and involves a parcel of land of approximately 80,867 square feet.

TAX MAP KEY: THIRD DIVISION 7-6-13:35

ZONING: CV-10, Village Commercial District.

DEVELOPER: W. F. Dillingham Medical Center, Inc., a Hawaii corporation, P. O. Box 147, Captain Cook, Hawaii 96704; Telephone 323-2611. The officers of the corporation are:

Lowell S. Dillingham President	P. O. Box 3468 Honolulu, Hawaii 96801 946-0771
Ben F. Dillingham Vice President	6099 South Land Park Drive Sacramento, California 95822 (916) 428-6265
Byron M. Fox Vice President/Secretary	P. O. Box 147 Captain Cook, Hawaii 96704 323-2611
Donn W. Carlsmith Vice President/Treasurer	P. O. Box 686 Hilo, Hawaii 96720 935-6644

ATTORNEYS FOR DEVELOPER: Carlsmith, Carlsmith, Wichman and Case, 1001 Bishop Street, Suite 2200, Honolulu, Hawaii 96813 (Attention: Raymond S. Iwamoto or Carl J. Schlack, Jr.), Telephone 523-2500.

DESCRIPTION:

A. Description of Project. The Project consists of eight (8) office buildings divided into two (2) clusters. The Makai cluster contains five (5) buildings, buildings A through E, and the mauka cluster contains three (3) buildings, buildings F though H, with partial basements in buildings A and G and a separate parking structure located between the two clusters. The individual buildings and the parking structure are constructed principally of reinforced concrete, composite steel and concrete floors, glass aluminum, wood, masonry, steel and allied building materials.

B. Description of the Apartments. Thirty-nine (39) separate condominium apartments are hereby designated in the spaces within the perimeter walls, floors and ceilings of the office apartment units of the Project, which spaces are referred to herein as "office apartments". The location of the office apartments are shown on the Condominium Map and are further described and numbered as follows:

Bldg.	Floor Level	Office Apt. Unit No.	Approximate Apartment Area Gross Sq. Ft	Approximate Apartment Area Net Sq. Ft.	Percent Common Interest
A	200	210	1,600	1,495	4.1093%
A	300	310	800	737	2.0547%
A	300	311	800	737	2.0547%
B	100	100	960	889	2.4656%
B	100	101	960	889	2.4656%
B	200	200	960	889	2.4656%
B	200	201	960	889	2.4656%
C	200	230	960	889	2.4656%
C	200	231	960	889	2.4656%
C	200	232	960	889	2.4656%
C	300	330	960	889	2.4656%
C	300	331	960	889	2.4656%
C	300	332	960	889	2.4656%
D	300	340	960	889	2.4656%
D	300	341	960	889	2.4656%
D	400	440	960	889	2.4656%
D	400	441	960	889	2.4656%
E	200	220	640	588	1.6437%
E	200	221	640	604	1.6437%
E	200	222	640	588	1.6437%
E	300	320	640	588	1.6437%
E	300	321	640	604	1.6437%
E	300	322	640	588	1.6437%
F	100	100	3,376	3,224	8.6706%
F	200	200	1,200	1,123	3.0819%
F	200	201	960	889	2.4656%
F	200	202	960	889	2.4656%

Bldg.	Floor Level	Office Apt. Unit No.	Approximate Apartment Area Gross Sq. Ft.	Net Sq. Ft.	Percent Common Interest
G	200	220	960	889	2.4656%
G	200	221	960	889	2.4656%
G	300	320	960	889	2.4656%
G	300	321	960	889	2.4656%
H	200	210	1,308	1,230	3.3593%
H	200	211	832	797	2.1368%
H	200	212	960	893	2.4656%
H	200	222	960	889	2.4656%
H	300	310	1,308	1,230	3.3593%
H	300	311	832	797	2.1368%
H	300	312	960	893	2.4656%
H	300	322	960	889	2.4656%

C. Layout and Area. Each office apartment on levels 100 through 400 consists of loft space which may be internally partitioned as provided in Paragraphs 5 and 6 of Section E of the Declaration.

The approximate total net square footage areas for the enclosed portions of the office apartments are computed from and to the interior surface of the apartment perimeter walls or, where window glass exists at the perimeter wall, to the inside face of the window glass, and include the areas of all common elements located within the office apartments.

D. Access to Common Elements. Each office apartment has immediate access to common walkways connecting the buildings within each cluster. The common walkways in the Makai cluster have immediate access to three (3) stairways and two (2) elevators; the common walkways in the Mauka cluster have immediate access to two (2) stairways and one (1) elevator, each stairway and elevator leading to the ground floor of the Project.

E. Other Data Identifying and Defining the Apartments: The respective office apartments shall not include: (i) the undecorated or unfinished surfaces of the perimeter (including party) walls or interior load bearing walls, (ii) the floors and ceilings surrounding each apartment, or (iii) any pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each office apartment shall be deemed to include (i) all the walls and partitions which are not load-bearing within its perimeter walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such apartment which are utilized for and serve only that apartment, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors, windows or panels along the perimeters, and (v) all appliances and fixtures installed therein.

COMMON ELEMENTS: The Declaration reflects that the common elements shall include the common elements described above under the topical heading "DESCRIPTION", and all other portions of the Project other than the apartments, including specifically but not limited to:

A. The Land in fee simple.

B. All unfinished, undecorated portions of all perimeter (including party) and load-bearing walls, all structural components, foundations, floor slabs, columns, girders, beams, supports, roofs, halls, corridors, exterior stairs and stairways, unfinished perimeter walls and interior load-bearing walls and roofs.

C. All yards, grounds and landscaping and all refuse facilities, if any, whether within or appurtenant to the Project.

D. All roads, ramps, driveways and walkways which are rationally of common use by owners of more than one apartment.

E. All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

F. The entirety of the fire sprinkler system, if any, including portions thereof installed within the various apartments.

G. The elevator machine rooms and surface mounted transformers; the lobby, the elevators and the stairways, the trash rooms, the pump room and any driveways and loading areas; and the electric and mechanical rooms.

H. The entire parking structure including but not limited to the one hundred eighty (180) designated parking stalls, the stairways and elevator, the loading areas, lobby, elevator machine room, storage and security rooms.

I. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called the "limited common elements", are designated in the Declaration and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as set forth in the Declaration. Each apartment shall have appurtenant to it as a limited common element an outdoor air conditioner pad except Apartment No. 100 in building F which shall have appurtenant to it three (3) air conditioner pads. Each air conditioner pad shall be designated on the Condominium Map by a number corresponding to the number of the apartment to which it shall be appurtenant. The costs and expenses of every description pertaining to the limited common elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the limited common elements shall be borne by the owner of said apartment. Unless and until the Declaration is amended to subdivide office apartments and designate limited common elements as provided in Paragraph 6 of Section E of said Declaration, the Project has no other limited common elements. As provided in said Paragraph 6 of Section E, certain office apartments may be subdivided and limited common elements may be designated by an amendment to the Declaration. Upon such amendment, as may be provided therein, such limited common elements shall be designated and set aside for the exclusive use of certain office apartments, as designated therein, and such office apartments shall have appurtenant thereto easements for the use of such limited common

elements as set forth in such amendment. The cost and expenses of every description pertaining to the limited common elements, including but not limited to the cost of maintenance, repair, replacement, improvement or addition to the limited common elements shall be charged to the apartment owners in the following equitable manner: Divided among the owners of the office apartments to which such limited common element is appurtenant in proportion to the ratio that the common interest appurtenant to their respective apartment bears to the sum of the common interests of all of the apartments to which the limited common element is appurtenant.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage ownership in the common elements (the "Common Interest") appertaining to each apartment and its owner for all purposes including voting shall be as set forth in Section B above under the topical heading: "DESCRIPTION". Each apartment and its appurtenant Common Interest, exclusive of land, shall be deeded to each Purchaser by an apartment deed from the Developer and a percentage interest in the land equal to the percentage common interest will be leased to each Purchaser by a ground lease from the Fee Owner, the apartment deed and ground lease being parts of a condominium conveyance document.

EASEMENTS: The Declaration provides that the apartments and common elements shall have and be subject to a number of easements including but not limited to the following which Purchaser should note:

A. The Fee Owner reserves the right at any time to grant within the common elements, easements and rights of way over, across, and under the common elements for utilities, sanitary and storm sewers, cable television, and other public services and to relocate, realign or cancel the same provided that such easements, their use, relocations, realignment, or cancellation shall not materially impair or interfere with the use of any apartment.

B. The Developer, its agents, successors, mortgagees and assigns shall have the right to conduct extensive sales activities in the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities as provided in any sales agreements between the Developer and the apartment owners, which right will be binding on such apartment owners and their successors, grantees and assigns.

C. The Developer, its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over and upon the Project as may be reasonably necessary for the completion of the improvements of the Project, and the correction of defects therein.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration provides that the buildings and each of the office apartments are intended and restricted as to use, and shall be used only for permitted purposes under applicable laws, and governmental rules, regulations, and ordinances, including without limitation, commercial, office, wholesale, retail, or rental purposes. The Association shall have the power to enact resolutions, rules and regulations, and to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of the Declaration, the Bylaws, all applicable laws, and all governmental

rules and regulations. The owners of the respective office apartments shall have the absolute right to sell, lease, rent or otherwise transfer such apartments subject to all provisions of the Horizontal Property Act, the Declaration, and the Bylaws.

The owner of an apartment shall have the right, at the sole cost and expense of such owner and within the perimeter walls, floors and ceiling of his apartment, to install, modify and remove walls, partitions, mezzanines, doors or door frames or window or window frames which are not load-bearing, to paint, paper, panel, plaster, tile, finish and do other such work on the interior surfaces of the ceilings, floors and walls of the apartment, whether perimeter or not and whether load-bearing or not, to substitute new finished surfaces for the finished surfaces then existing on said ceilings, floors and walls, and to finish, alter or substitute any plumbing, electrical or other such utility or service fixtures, facilities or appurtenances attached to said ceilings, floors or walls, all of which shall be subject to the approval of the Board of Directors as may be required by the Horizontal Property Act (which approval shall not be unreasonably withheld or delayed); provided, however, that this section shall not be construed as permitting interference with or damage to the structural integrity of any building or interference with the use and enjoyment of the common elements by other owners or violation of any building or fire codes, or other laws, ordinances, rules or regulations, nor shall it be construed to limit the intent expressed in Paragraph 1 of Section E of the Declaration.

The owners of all office apartments shall have the right to erect partitions and subdivide their respective office apartments, from time to time, but only as follows: The owner of an office apartment that occupies an entire floor may subdivide such apartment into two, three or four office apartments. The owner of an office apartment that does not occupy an entire floor may subdivide such apartment into not more than two (2) office apartments. The foregoing right to subdivide an office apartment is subject to the limitation that (i) an office apartment must have a minimum floor area of 960 gross square feet, (ii) the subdivision will not require the addition of parking spaces to the Project under applicable codes, rules, regulations, ordinances or other laws, (iii) there shall at no time be more than eight (8) office apartments per floor of any one building, and (iv) the structural integrity of the Project shall at no time be impaired in any way, and any subdivision shall be in compliance with all applicable laws and governmental codes and regulations. Subject to the foregoing limitations, as part of any permitted subdivision, the subdividing owner may create a corridor connecting the new subdivided office apartments and may designate such corridor as a limited common element appurtenant to such new office apartments. The owner of an office apartment may also subdivide from the apartment and designate any part or parts of such office apartment as a limited common element appurtenant to the new office apartments resulting from the subdivision. The limited common elements appurtenant to any office apartment that is subdivided shall be deemed to be appurtenant to the new subdivided office apartments. Following any such subdivision, such owner shall amend the Declaration (and may do so acting alone, without the joinder or consent of any other owner or any one else other than a mortgagee having an interest in the office apartment to be subdivided, if such mortgagee requires such consent): (i) to describe the new office apartments, including approximate net and gross square footage areas, as required by Section 514A-11 of the Horizontal Property Act, (ii) to describe and designate the limited common elements appurtenant to such new office apartments, if any,

and (iii) to state the percentage of common interests allocated to each new office apartment. In allocating percentage common interests to the new office apartments, the percentage common interest appurtenant to the original office apartment shall be divided among the new office apartments in proportion to their floor areas. The amendment to the Declaration shall also include a revision to the Condominium Map depicting the new office apartments and showing their layout, locations, apartment numbers and dimensions.

OWNERSHIP TO TITLE: The Preliminary Report of Title issued August 22, 1983, and prepared by Title Guaranty of Hawaii, Inc., states that fee simple title to the land is vested in L. S. Dillingham, B. F. Dillingham, Val L. Tennent (Successor Trustee to C. W. Carlsmith) and Donn W. Carlsmith, Trustees under that certain Trust Agreement, acknowledged on September 15, 1975, as amended, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 11702, Page 94. The Developer has acquired a leasehold interest in the land under the terms of that certain Master Development Lease dated July 29, 1983, recorded in Liber 17265 at Page 593, a copy of which has been submitted to the Commission.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report of Title dated August 22, 1983, prepared by Title Guaranty of Hawaii, Inc., describes the following encumbrances, in addition to said Master Development Lease, below:

1. For any real property taxes that are due and owing; reference is made to the Office of the Tax Assessor, Third Division.

2. A reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Restriction of abutter's rights of vehicle access into and from Kuakini Highway, FAP Route 11 Project No. 11A-03-69 over and across all boundaries abutting Kuakini Highway, as set forth in the Master Development Lease.

4. Terms, agreements, reservations, covenants, conditions and provisions contained in the Master Development Lease dated July 29, 1983.

The Developer has informed the Commission that it will place a construction mortgage on its leasehold interest. The lien of this mortgage as well as the Master Development Lease described above will be released and discharged of record as to each condominium apartment prior to its being conveyed to a Purchaser.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated July 29, 1983 between Title Guaranty Escrow Services, Inc. as Escrow Agent, and Developer, has been filed with the Commission. On examination, the specimen Sales Contract and Reservation Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

The executed Escrow Agreement provides in part that if at any time (a) Escrow receives written notice from Developer to return to a Purchaser under a Sales Contract the funds of such Purchaser then held by Escrow under the Escrow Agreement, or (b) with respect to a Purchaser whose funds were obtained prior to the issuance of the Final Report, there shall be any substantive change in the building plans of

a type which gives Purchaser a right to cancel his Sales Contract pursuant to Chapter 514A of the Hawaii Revised Statutes (unless Purchaser's written approval of acceptance of the specific change is obtained, or ninety (90) days have elapsed since the Purchaser has accepted in writing the apartment or he has first occupied the apartment) or (c) the Final Report differs in a material respect from the Preliminary Report, and the Purchaser's written approval of such change has not been obtained and the Purchaser shall request the refund, or (d) the Final Report is not issued within one (1) year from the date of issuance of the Preliminary Report, unless the Sales Contract is nevertheless affirmed by the Purchaser, then in any such event Escrow shall return such funds to the Purchaser, without interest earned, unless otherwise instructed by Developer, and, unless Developer shall otherwise instruct Escrow, less: (1) Escrow's cancellation fee of a minimum of $25.00 per office apartment, (2) any mortgagee's cancellation fee, and (3) all other costs, if any, which have been incurred in connection with the Escrow mortgage processing, closing or legal documentation. In such event, the Escrow Agreement further provides that Escrow shall hold the Sales Contract and any Apartment Condominium Conveyance Document previously delivered to Escrow and any mortgage documents which may have been executed shall be returned to the mortgagee, and Developer and the Purchaser shall be deemed no longer bound by the terms of the Sales Contract and Escrow shall so inform the Purchaser in writing; provided however, that no refund shall be made to a Purchaser at Purchaser's request until Escrow has received written approval of such refund from Developer.

Among other provisions, the specimen Sales Contract provides:

1. The mortgage and other liens which will secure the Developer's first mortgage interim construction loan (renewals and extensions) for the construction of the Project shall be and remain at all times a superior lien on the Project, and Purchasers intentionally waive and subordinate their interests under the Sales Contract in favor of the priority of all such liens.

2. That said Sales Contract is only a reservation agreement until a true copy of the Final Public Report (with all then issued Supplementary Public Reports, if any) is delivered to the Purchaser, the Purchaser has an opportunity to read the report(s) and executes and gives the Developer a receipt for the report(s) whereupon, on the date the receipt is given to Developer (herein called the "Effective Date") it shall become a binding sales contract (subject only to any applicable provisions of the Horizontal Property Act). Until the Effective Date, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the Purchaser (at which time the Purchaser's deposit will be refunded in full). However, it is important for the Purchaser to review Section D.33 of the Sales Contract with respect to the provisions pertaining to Purchaser's application for financing. Purchaser will be responsible for any mortgagee's processing costs and cancellation fees in the event of a cancellation of the Sales Contract, except only in the specific situation described in Section D.33.

3. Purchaser should also note that the Sales Contract places restrictions on selling or assigning the Sales Contracts.

4. The Purchaser acknowledges awareness and acceptance of certain conditions of the Project including the limitations on voting rights, reserved rights of the Fee Owners and Developer as set forth

in the Sales Contract, Condominium Conveyance Document, Declaration and Bylaws.

5. Purchasers further are advised that Seller has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's office apartment.

6. The Sales Contract provides that each Purchaser who is not in default of the Sales Contract and performs all of his obligations thereunder (including closing) will be paid any and all interest actually earned on Purchaser's deposits in Escrow from the date that Purchaser's Deposit is deposited in Escrow. No interest will be earned by Purchaser if Purchaser does not close for any reason. Seller will pay such interest to the Purchaser for such period, and upon pertinent conditions, after closing all as specified in the Sales Contract.

7. As provided in Section D.8 and D.25 of the Sales Contract, the Purchaser acknowledges that minor construction activity may continue on the site after Purchaser has occupied his apartment, which may result in noise, dust or other annoyances. In addition, as further provided in said Section D.25, the Developer's sales activities, including the use of model units and signs and the use of the lobby area and other common elements for sales displays and related activities, may continue until the last apartment in the Project is sold.

8. The Sales Contract provides that the office apartment units are being sold as loft space and that all interior improvements to the apartment are to be made by the Purchaser in accordance with the Declaration, Bylaws and other condominium documents.

It is incumbent upon the prospective Purchaser that he read with care the specimen Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of office apartments are placed in trust, as well as the retention and disbursement of the proceeds of said trust fund. The Sales Contract sets forth when Purchaser's payments are payable. All payments other than funds from any mortgage lender must be paid to Escrow at the times specified in the Sales Contract, and all of Purchaser's deposits must be paid to Escrow upon the notification of commencement of construction.

MANAGEMENT OF THE PROJECT: The Bylaws vest in the Board of Directors the power and duties necessary for the administration of the overall affairs of the Project. The Bylaws submitted to the Commission permit the Developer to appoint the initial managing agent for the Project. To date, the Developer has not selected the initial managing agent.

STATUS OF PROJECT: Construction has not yet commenced.

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 August 25, 1983 and information subsequently submitted on September 23, 1983.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1562, filed with the Commission on August 25, 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 yellow.

Joseph F. Blair for

G. A. "RED" MORRIS, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

Registration No. 1562

October 6, 1983

W. F. DILLINGHAM MEDICAL CENTER

DEVELOPER'S DISCLOSURE ABSTRACT

Name and Address of Project.

W. F. Dillingham Medical Center
Corner of Kuakini Highway and Lako Street
Kona, Hawaii 96740

Name, address and telephone number of Developer.

W. F. Dillingham Medical Center, Inc.
P. O. Box 147
Captain Cook, Hawaii 96704
Tel. No. 323-2611

Name, address and telephone number of Project Manager.

Knutson, Burley and Reese, Ltd.
75-5722 Kuakini Highway, Suite 216A
Kailua-Kona, Hawaii 96740
Tel. No. 329-8555

Breakdown of estimated annual maintenance fees and monthly estimated cost for each apartment, revised and updated at least every twelve months and certified to have been based on generally accepted accounting principles.

See EXHIBIT A attached

The apartment units will be separately metered for water and electricity. The estimated budget does not include the Purchaser's obligations for the payment of real property taxes or mortgage payments. The estimated budget is subject to review and revision annually and at the time of completion of construction. The estimated budget and monthly maintenance fees for each apartment unit (the "common expenses") is an estimated budget prepared on the basis of generally accepted accounting principles. The actual budget and actual expenses will vary depending on various factors such as inflation, casualty loss or damages, apartment owner delinquencies, changes in types and quantity of service and other such factors.

Description of all warranties for the apartments and the common elements, including the date of initiation and the expiration date of any such warranties.

Warranties:

1. Limited Warranty of Seller. On the condition that the Purchaser cooperates in the inspection program to be instituted by the Seller and inspects Purchaser's apartment unit on the date and time specified by the Seller and thereupon signs an inspection sheet listing all defects or damage to the property, if any, the Seller warrants that it shall exercise its best efforts to have all legitimate defects or damage listed by the Purchaser corrected by the Contractor within a reasonable time thereafter. This warranty shall survive the closing, but shall be waived by the Purchaser if the Purchaser fails to inspect its unit on the date and time specified by the Seller.

2. Contractor's Warranty. The Seller will enter into an agreement with the Contractor for the project whereby the Contractor will agree to provide, for the benefit of the Seller and the Purchasers, the customary AIA warranty to correct any Work found defective within one (1) year after the date of substantial completion of the Work (as such terms are defined in the Construction Contract). The Seller does not make this warranty but merely passes on the Contractor's warranty to the Purchaser and the Association of Apartment Owners. The Seller's obligations with respect to any defects (other than those listed on the inspection sheet) will be limited to assisting the Association in presenting to the Contractor any claims based on such warranty; it being understood that such warranty is limited to defects reported in writing to the Seller or Contractor within the first year following the date of substantial completion of the Work. The execution, delivery and recordation of the Purchaser's Condominium Conveyance Document shall constitute the assignment without recourse by the Seller to the Purchaser of the Contractor's warranty and the assignment without recourse by Seller to Purchaser of any subcontractors or materialmen's warranties that the Contractor may have secured for the benefit of the Purchasers.

3. Express Disclaimers. EXCEPT FOR THE LIMITED WARRANTY SET FORTH IN PARAGRAPH 1 ABOVE, SELLER MAKES NO EXPRESS WARRANTIES. SELLER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE UNIT, THE PROPERTY, THE COMMON ELEMENTS OR THE PROJECT.

Proposed number of units to be used for residential purposes.

None of the apartments in the project are to be used for residential purposes.

Statement to the extent of commercial or other non-residential development in the project.

There are a total of thirty-nine (39) office/commercial apartments in the project. The Declaration of Horizontal Property

Regime and the Bylaws of the Association of Apartment Owners include provisions which allow for flexibility in the interior layout of the apartments and provides for subdivision of some of the apartments. DATED: August 24, 1983

W. F. DILLINGHAM MEDICAL CENTER, INC.

By _____

Its

By _____

Its Vice Pres.

EXHIBIT A

Knutson·Burley & Reese, Ltd.

PROPOSED BUDGET
DILLINGHAM MEDICAL CENTER
KAILUA-KONA, HAWAII

Item	Monthly	Annual
Receipts		
Maintenance Fees	$17,885.00	$214,620.00
Disbursements		
Insurance		
Fire & Liability	$ 400.00	$ 4,800.00
T.D.I.	26.00	312.00
Directors & Officers Liability	50.00	600.00
Medical (4 employees)	240.00	2,880.00
Workers Compensation	421.00	5,052.00
Total Insurance	$ 1,137.00	$ 13,644.00
Utilities		
Electricity (Common Area Only)	$ 2,260.00	$ 27,120.00
Telephone	20.00	240.00
Water	195.00	2,340.00
Total Utilities	$ 2,475.00	$ 29,700.00
Taxes		
Payroll	$ 645.00	$ 7,740.00
Gross Excise	3.00	36.00
Total Taxes	$ 648.00	$ 7,776.00
Supplies		
Grounds	$ 150.00	$ 1,800.00
Janitorial	300.00	3,600.00
Painting	50.00	600.00
Electrical	200.00	2,400.00
Building & Other	150.00	1,800.00
Total Supplies	$ 850.00	$ 10,200.00
Maintenance & Repair		
Building	$ 50.00	$ 600.00
Elevator (5 elevators)	1,500.00	18,000.00
Other Equipment	25.00	300.00
Grounds	100.00	1,200.00
Pest Control	150.00	1,800.00
Refuse Service	250.00	3,000.00
Janitorial Service	4,100.00	49,200.00
Total Maintenance/Repair	$ 6,175.00	$ 74,100.00

	Monthly	Annual
Employee Cost		
Project Manager	$ 1,400.00	$ 16,800.00
Maintenance Personnel	700.00	8,400.00
Security	2,200.00	26,400.00
Total Employee Cost	$ 4,300.00	$ 51,600.00
Administrative		
Audit/Tax Return	$ 180.00	$ 2,160.00
Legal Fees	20.00	240.00
Management Fee	1,500.00	18,000.00
Miscellaneous	100.00	1,200.00
Transfer to Reserve	500.00	6,000.00
Total Adminstrative	$ 2,300.00	$ 27,600.00
Total Disbursements	$17,885.00	$214,620.00

Based on 38,936 square feet of leaseable space, the cost per square foot using the above budget will be $0.46 monthly. This figure is subject to change depending on the final leaseable footage of the project.

The above budget will be revised and updated every twelve months and at least two months prior to the estimated completion date of the project. The budget figures have been prepared based on generally accepted accounting principles.

KNUTSON, BURLEY & REESE, LTD.

William A. Knutson, CPM
President

August 2, 1983