



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL & VOCATIONAL LICENSING DIVISION
 1010 Richards Street
 P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

WAIKOLOA HILLS CONDOMINIUM-PHASE 1
 Paniolo Avenue
 Waikoloa
 County and State of Hawaii

Registration No. 1752

Issued: April 10, 1987
 Expires: May 10, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 2, 19 87 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
 (yellow)
- FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
 (white)
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY: Updates information contained in the
 (pink)
 Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
 This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required -- disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

1. Page 14, Item D.2: A parking stall will be assigned to each apartment as a limited common element.
2. Page 5, Item 6, and Page 12, Item 7: The Developer's reserved rights to 5 parking stalls are described and clarified in Exhibit G.
3. Page 8, Item E.2: The Developer's reserved rights to add apartments, withdraw land and merge phases are described generally in Exhibit G.
4. Page 18, Item IV: New information is given about membership in the Waikoloa Village Association.

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Appendix I: People Connected with the Project
 Attached only if there are additions or changes to information contained in the body of the report.

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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

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

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

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

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

Operation of the Condominium

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer: Individual apartments and the underlying land will be in fee simple.

Type of Project:

1. New Construction Conversion
 Both New Construction and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>A</u>	<u>8</u>	<u>2/2</u>	<u>922</u>	<u>234</u>
<u>B</u>	<u>8</u>	<u>2/2</u>	<u>1,100</u>	<u>174</u>
<u>C</u>	<u>8</u>	<u>2/2</u>	<u>1,157</u>	<u>133</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 24

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>24</u>
Guest Stalls	<u>7</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: <u>Reserved Stalls</u>	<u>5</u>
Total Parking Stalls	<u>36</u>

*See Exhibit G re reserved rights as to these 5 stalls.

7. Recreational amenities: None in this phase.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Waikoloa Hills Associates Phone: 523-9177
Name (Business)
737 Bishop Street, Suite 2350
Business Address
Honolulu, Hawaii 96813

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

Waikoloa Hills Associates is a registered Hawaii limited
partnership. Its general partners are Channing, Ltd., a
Hawaii corporation, and The Beery Corporation, a Nevada
corporation.

Real Estate Sales Agent: Locations, Inc. Phone: 735-4200
Name (Business)
1339 Hunakai Street
Business Address
Honolulu, Hawaii 96816

Escrow: Founders Escrow Corporation Phone: 536-0842
Name (Business)
900 Fort Street, Suite 1000
Business Address
Honolulu, Hawaii 96813

Managing Agent: Certified Management Phone: 487-7941
Name (Business)
98-1238 Kaahumanu Street, Suite 404
Business Address
Pearl City, Hawaii 96782

Attorney for Developer: Ashford & Wriston (Galen C. K. Leong)
Name
235 Queen Street, Sixth Floor
Business Address
Honolulu, Hawaii 96813

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

Proposed
 Recorded – Bureau of Conveyances – Book 20494 Page 202
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

Proposed
 Recorded – Bureau of Conveyance Condo Map No. 1057
 Filed – Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

Proposed
 Recorded – Bureau of Conveyances – Book 20494 Page 314
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

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

The House Rules for this condominium are:

Proposed Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

1. Apartment Owners: Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-	<u>See Art. VI; Sec. 3, Bylaws</u>

The percentages for individual condominium projects may be more than the minimum set by law.

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

During the sales period, the developer has reserved the right to make any changes to said documents and the Project as may be required by law, any title insurance company, institutional mortgage lender or governmental agency, provided only that such changes shall not substantially impair the prospective use and enjoyment of the Apartment, substantially reduce the usable space within the Apartment, render unenforceable the Purchaser's mortgage loan commitment, increase the Purchaser's share of common expense, or increase the purchase price. In addition, the Developer has reserved rights as described in Exhibit G.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the underlying land will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners) either (1) remove or dispose of the building and other improvements; or (2) convey the building and improvements to the lessor at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

Other:

For Subleaseholds:

Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled Foreclosed.

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Land Area: 1.589 ~~square feet~~ Acres Zoning: RM-3
TMK: (3)6-8-003-006 (portion)

Fee Owner: Waikoloa Hills Associates
name
737 Bishop Street, Suite 2350
address
Honolulu, Hawaii 96813

Sublessor: _____
name

address

C. Buildings and Other Improvements:

1. New Construction Conversion of Existing Building
 Both New Construction and Conversion

2. Buildings: 4 Floors Per Building: 3

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other Glass, Concrete Slabs, Gypsum Board

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>24</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

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

- Pets: No livestock, poultry or other animals, except dogs and cats
in reasonable number and other common household pets which are confined.
 Number of Occupants: _____
 Other: _____

6. Interior (fill in appropriate numbers):

Total Apartments 24

Elevators 0 Stairways Yes Trash Chutes 0

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>A</u>	<u>8</u>	<u>2/2</u>	<u>922</u>	<u>234</u>
<u>B</u>	<u>8</u>	<u>2/2</u>	<u>1,100</u>	<u>174</u>
<u>C</u>	<u>8</u>	<u>2/2</u>	<u>1,157</u>	<u>133</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

Boundaries of Each Apartment:

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the unfinished surfaces of the floors and ceilings which surround each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as herein provided. Each apartment shall be deemed to include its adjacent lanai, including the lanai railings, all of the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, all windows and window frames and doors and door frames serving the apartment and all fixtures and appliances originally installed in such apartment for its exclusive use.

Permitted Alterations to Apartments:

Additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall be permitted with the approval of the Board of Directors of the Association of Apartment Owners and the consent of all apartment owners determined by the Board to be directly affected by such additions or alterations, and upon completion of any addition or alteration which changes the floor plan of an apartment or limited common element, the Board shall cause a copy of the revised floor plan of the apartment or limited common element affected to be filed, at the expense of the owner of such apartment, as an amendment of the Declaration and the Condominium Map.

7. Parking Stalls:

	<u>Number of Stalls</u>	
Assigned Stalls (For Individual Units)	<u>24</u>	
Guest Stalls	<u>7</u>	
Unassigned Stalls	<u>0</u>	
Other: <u>Reserved Stalls</u>	<u>5</u>	*See Exhibit G re reserved rights as to these 5 stalls
Total Parking Stalls	<u>36</u>	

Each apartment will have the exclusive use of at least 1 parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	<u> </u>	<u> </u>	<u> </u>
Number of open stalls	<u>36</u>	<u> </u>	<u> </u>

Commercial parking garage permitted on condominium.

Exhibit contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities:

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <p><input type="checkbox"/> Swimming pool</p> <p><input type="checkbox"/> Recreation Area</p> <p><input type="checkbox"/> Tennis Court</p> <p><input type="checkbox"/> Other: _____
_____</p> | <p><input type="checkbox"/> Storage Area</p> <p><input type="checkbox"/> Laundry Area</p> <p><input type="checkbox"/> Trash Chute</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit A describes the common elements.

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

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit _____

as follows:

Each apartment shall have appurtenant thereto an exclusive right to use the parking stall assigned to such apartment as set forth in Exhibit B.

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

Exhibit B describes the common interests for each apartment.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit C describes the encumbrances against the title contained in the title report dated October 31, 1986. Developer reports that except for the Declaration and other items on page 7 of this Report, there have been no changes since said date.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
1. First Mortgage to Trans-continental Development Co.	Buyer's interest may be terminated and Buyer will receive refund.
2. Second Mortgage to Bancorp. Finance of Hawaii, Inc.	Buyer's interest may be terminated and Buyer will receive refund.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[x] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit D contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- | | |
|--------------------------------------|-------------------------------------------|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

I. Construction Warranties:

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

1. Building and Other Improvements:

The Developer warrants against structural defects in an individual apartment of which written notice has been given to the Developer by the apartment owner at any time within one year from the date of substantial completion of the project or conveyance of title to the apartment owner, whichever first occurs. In addition, the Developer warrants against structural defects in the common elements for one year from substantial completion of the project.

2. Appliances:

Warranties on appliances furnished with an apartment shall 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.

J. Status of Construction and Estimated Completion Date:

Construction is scheduled to commence in May, 1987, and the estimated date of completion would then be October 1, 1987.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

At the present time the Developer plans to develop an additional 54 apartments in one additional phase and to merge that development with Phase 1 so as to have only one Board of Directors. See Article W. of the proposed Declaration of Horizontal Property Regime for the details of this phasing.

Note also the Developer's right to withdraw land per Article V. of said Declaration.

See Exhibit G for a summary of Developer's plans for future development.

L. Sales Documents Filed with the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit E contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated March 20, 1986

Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Membership in Waikoloa Village Association.

A number of recorded documents provides that each apartment owner in the project will automatically become a member of the Waikoloa Village Association. All members are subject to assessments made by the Waikoloa Village Association under its governing documents which are the following:

(1) Declaration of Protective Covenants dated May 21, 1971, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7577, at Page 66.

(2) Amendment of Declaration of Protective Covenants dated June 12, 1975, recorded in said Bureau in Liber 10701, at Page 5.

(3) Supplemental Declaration dated December 20, 1978, recorded in said Bureau in Liber 13453, at Page 142.

(4) Supplemental Declaration dated December 30, 1985, recorded in said Bureau in Liber 19199, at Page 37.

Purchaser should expect that in addition to the maintenance fee for the project, there will be an additional monthly payment to the Waikoloa Village Association. At the present time, the annual fee is \$425.00, payable in January and July in semi-annual payments of \$212.50.

In lieu of a 100% performance bond from a bonded surety, the Developer has submitted to the Commission and the Commission has accepted, a materialhouse bond with the understanding that (1) the lender has agreed to such bond, and (2) Purchasers' funds will be held in escrow until completion of the project.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

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

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

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

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

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

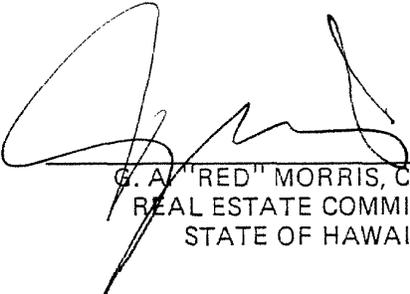
This Public Report is a part of Registration No. 1752 filed with the Real Estate Commission on March 31, 1986.

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

Supplementary Public Reports expire on the expiration date given on the front of the report.



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

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

EXHIBIT A

Common Elements

- (a) The land of the Project in fee simple;
- (b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, corridors, fire escapes, roofs, stairs, walkways and entrances and exits of said buildings;
- (c) The yards and grounds, fences, driveways, pavement and refuse facilities;
- (d) Central facilities and appurtenant installations for utility and other common services such as power, light, gas and water;
- (e) All other apparatus and installations existing for common use;
- (f) All other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Schedule of Apartments and Common Interests

<u>Building No.</u>	<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Lanai Area</u>	<u>Parking Stall No.</u>	<u>Percentage Interest</u>
1	101	B	1100	174	1	4.3252
1	102	A	922	234	24	3.6254
1	103	A	922	234	23	3.6254
1	104	B	1100	174	2	4.3252
1	105	C	1157	133	3	4.5494
1	106	C	1157	133	4	4.5494
2	201	B	1100	174	20	4.3252
2	202	A	922	234	22	3.6254
2	203	A	922	234	21	3.6254
2	204	B	1100	174	5	4.3252
2	205	C	1157	133	6	4.5494
2	206	C	1157	133	7	4.5494
3	301	B	1100	174	10	4.3252
3	302	A	922	234	8	3.6254
3	303	A	922	234	9	3.6254
3	304	B	1100	174	11	4.3252
3	305	C	1157	133	12	4.5494
3	306	C	1157	133	13	4.5494
4	401	B	1100	174	16	4.3252
4	402	A	922	234	18	3.6254
4	403	A	922	234	19	3.6254
4	404	B	1100	174	17	4.3252
4	405	C	1157	133	14	4.5494
4	406	C	<u>1157</u>	133	15	<u>4.5494</u>
Total	24		25432 sq.ft.			100.0000

Note: The common interest for an apartment was determined by taking the net living floor area of the apartment and dividing that figure by the aggregate of the net living floor area for all apartments in the project, with minor adjustments to bring the total percentage to 100%.

EXHIBIT C

Encumbrances

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Easement "S-3" (15 feet wide) for sanitary sewer purposes, as shown on File Plan 1188.
3. Reservations contained in Deed dated December 30, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19199, at Page 40, to-wit:

"EXCEPTING AND RESERVING, HOWEVER, unto the Grantor, its successors and assigns, easements for electrical, gas, communications and other utility purposes and for sewer, drainage and water facilities over, under, across, along and through any easements within the granted premises which are designated on said File Plan, with the right to grant to State of Hawaii, County of Hawaii, Board of Water Supply or other appropriate governmental agency or to any public or private utility or other corporation easements for said purposes within said easement so designated.

EXCEPTING AND RESERVING ALSO, HOWEVER, unto the Grantor, its successors and assigns, all rights to underground water under or appurtenant to the granted premises, with the right to assign and transfer said rights to State of Hawaii, County of Hawaii, Board of Water Supply or any public or private utility or other corporation; provided, however, that said rights shall not include any surface right to enter upon and drill for water."

4. Declaration of Protective Covenants dated May 27, 1971, recorded in said Bureau in Liber 7577, at Page 66, as supplemented from time to time.
5. Restrictive Covenants and Conditions contained in Exhibit A to Deed dated December 30, 1985, recorded in said Bureau in Liber 19199, at Page 40.
6. Mortgage, Security Agreement and Financing Statement in favor of Transcontinental Development Co., a Texas Partnership, dated December 30, 1985, recorded in said Bureau in Liber 19199, at Page 55.
7. Mortgage in favor of Bancorp. Finance of Hawaii, Inc., a Hawaii corporation, dated December 30, 1985, recorded in said Bureau in Liber 19199, at Page 83.
8. Real property taxes as may be due and owing.

EXHIBIT D

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Type A	\$65.26	\$783.12
Type B	77.85	934.20
Type C	81.89	982.56

[x] Revised on July 23, 1986

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[x] common elements only
[] common elements
and apartments

120

1,440

Gas

Refuse Collection

150

1,800

Telephone

Water and Sewer

400

4,800

Sewer

335

4,020

Maintenance, Repairs and Supplies

Building

Grounds

368

4,416

General

50

600

Management

Management Fee

180

2,160

Payroll and Payroll Taxes

Office Expenses

20

240

Accounting/Audit

7

84

Insurance

160

1,920

Reserves

Taxes and Government Assessments

Other

Fire Safety

5

60

General Excise Tax

5

60

TOTAL

\$1,800

\$21,600

I/We, WAIKOLOA HILLS ASSOCIATES

Developer

for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

~~as managing agents~~

WAIKOLOA HILLS ASSOCIATES

By Its General Partner:

CHANNING LTD

By Robert H. Smith
Its President

Date: 7-23-86

EXHIBIT E

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) What a purchaser must do to qualify for a loan if the purchaser wants a mortgage loan to cover part of the purchase price.

(b) That a purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That a purchaser may receive interest on deposits made under the Sales Contract.

(d) That the apartment will be subject to various other legal documents which the purchaser should examine.

(e) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(f) That the Sales Contract will be subordinate to the lien of a construction lender.

(g) That the project will be subject to ongoing construction and sales activities which may result in certain annoyances to purchaser.

(h) That Developer makes no rental representations in connection with the sale of units.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT F

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Reserved Rights

Reservation to Add Apartments

The Developer has reserved the right to develop up to an additional 54 apartments in the area redesignated as "Phase 2" on Sheet "A-1" of the Condominium Map. If this is done, the Developer will file an amendment to the Declaration which will describe the additional apartments and readjust the common interests of all apartments in the project generally in accordance with the method set forth in the Declaration as follows: the percentage common interest of each apartment in the amended project shall be determined by dividing the net living floor area in each apartment by the aggregate of the net living floor areas of all apartments in the amended project.

Reservation to Withdraw Land

The Developer has reserved the right at its sole discretion under Paragraph V of the Declaration, at any time prior to seven (7) years from the date of recordation of the Declaration, unless such time is extended by a vote of 75% of the apartment owners in the Project, to subdivide the land so that the portion of the land together with the improvements located therein, which is designated on Sheet "A-1" of the Condominium Map as "Phase 1" is constituted as a separate lot and the remaining portions of said land may be subdivided into as many separate lots as Developer may in its sole discretion determine. Thereafter, Developer may develop said separate lots as separate phases of a multi-phase project as described in Paragraph W of the Declaration or Developer may withdraw any of said separate lots from any further involvement with Waikoloa Hills Condominium.

Merger of Additional Phases

1. The project described in this report may be the first phase of a multi-phase project if Developer exercises its option to develop any of the separate lots created under Paragraph V of the Declaration as a part of a multi-phase condominium project. If Developer chooses to exercise said option as to one or more of said lots, the Developer shall have the right to provide for

a merger of all phases so as to permit the joint use of the common elements of each project by all of the owners of the apartments in the merged projects, the administration of all projects under a single association of apartment owners and board of directors for the merged projects and for a sharing of the common expenses of all projects among all of the owners of apartments in the merged projects, all as if the phases merged had been developed as a single project.

2. After a merger, the following consequences shall ensue:

(a) Use of Common Elements. The apartments in each of the merged phases shall have nonexclusive rights to use the common elements in each phase to the same extent and subject to the same limitations as are imposed upon an apartment in each phase. Each owner in each phase shall have the same rights of use with respect to the common elements in all merged phases as though the merged phases had been developed as one project.

(b) Association of Owners. The Association of Apartment Owners of each merged phase provided for in its respective Declaration shall be merged into a single association and such single association shall assume all of the responsibilities of the prior associations.

(c) Election of Board. Within sixty (60) days following each merger, a special meeting of the single association of the owners of the merged phases shall be called to elect a new Board of Directors to replace the existing Boards of Directors and to govern the merged phases. The procedure for calling and holding such meeting and all other meetings of the Association shall be that as set forth in the Declaration and Bylaws. The number of the Directors of the Association of Apartment Owners of the merged phases shall be nine (9).

Reserved Rights Regarding Parking Stalls

Five parking stalls, designated as Parking Stalls 25, 26, 27, 28 and 29 on the Condominium Map, have been reserved by the Developer to assign to apartments in the project or to additional apartments which may be built pursuant to Paragraph W of the Declaration. Until such assignments are made, these stalls shall not be limited common elements. The Developer may at his option release his reserved rights in these stalls, whereupon the stalls shall become common elements for use as guest parking.