

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Mauna Loa Vacation Ownership
Address 78-7190 Kaleiopapa Road, Kailua-Kona, HI 96740

Project Name(*): Mauna Loa Village (formerly Holua at Mauna Loa Villages)**
Address: Kaleiopapa Road, Keauhou-Kona, HI 96740

Registration No. 1817

Effective date: September 12, 1997

Expiration date: October 12, 1998

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

___ FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with _____

X **SECOND** SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] Preliminary Public Report dated: _____
[X] Final Public Report dated: April 3, 1990
[X] Supplementary Public Report dated: May 9, 1991

And [X] Supersedes all prior public reports.
[] Must be read together with _____
[X] This report reactivates the May 9, 1991 public report(s) which expired on _____

(*) Exactly as named in the Declaration
(**) Covers Apartment No. 7 only

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. There have been amendments to the Condominium Declaration, Condominium By Laws and Condominium Map as indicated on page 6 of this Report, including an amendment changing the name of the Condominium to MAUNA LOA VILLAGE.

2. Phase 1 of the Condominium was registered under Registration No. 1817. Phase 2 initially under Registration No. 1896. Subsequently, Phase 2 was added to Registration No. 1817 by a Supplementary Public Report on that Phase only, and Registration No. 1896 was lapsed.

3. For clarity this Second Supplementary Public Report presents consolidated information on combined Phases 1 and 2 extracted from the provisions contained in the amendment to the Condominium Declaration recorded as Instrument No. 91-013505, which described both Phases, as well as from previous public reports filed by Pacific Rim Construction, the Original Developer. No representation on the accuracy or completeness of this information is made by the Developer named herein (Mauna Loa Vacation Ownership).

4. Construction of Phase 1 and 2 has been completed; the Association of Apartment Owners (the "AAO") is organized and operating; its Board of Directors have been elected and are functioning; and the AAO has retained Par Management, Inc. as the managing agent for the Condominium.

5. The Developer named herein (Mauna Loa Vacation Ownership) has been informed, and based on this information reasonably believes that the Original Developer (Pacific Rim Construction) no longer holds any interests in the Condominium, and specifically that:

Before August 13, 1993, there were about 105 apartments unsold; but on August 13, 1993: (a) about 76 of the unsold apartments were leased directly to a third party; (b) the Original Developer assigned to the same third party its interests, as lessee, in the lease of the tennis center and the lease for future development of additional Phases of the Condominium; and (c) the Original Developer accepted, as lessee, direct apartment leases of the remaining unsold apartments. Thereafter, the Original Developer either assigned to others or suffered foreclosure on and the loss of, all these direct apartment leases held by it as lessee.

6. The Developer named herein (Mauna Loa Vacation Ownership) purchased Apartment No. 7 covered by this Report after the Condominium was established and the Apartment constructed. Since it is not the Original Developer of the Condominium, the Developer disclaims all responsibility and liability for the establishment, construction, operation and administration of the Condominium itself.

7. The Developer has submitted the Apartment covered by this Report to a time share plan called the Mauna Loa Interval Ownership Plan (the "Plan"). Each time share interest, called an "Interval", includes an undivided interest, called an Ownership Share, in this Apartment.

8. This Second Supplementary Public Report covers only one Apartment, Apartment No. 7. Only this Apartment, or Intervals in it, may be offered and sold under this Report.

9. The Developer has: registered the Plan with the Department of Commerce and Consumer Affairs ("DCCA") and issued a Time Share Disclosure Statement on the Plan that has been accepted for filing by DCCA; and has engaged a new real estate broker and a new escrow company and is represented by its own attorney, see page 5 of this Report.

10. The Developer must provide prospective time share buyers with both the current Time Share Disclosure Statement and this Second Supplementary Public Report. These buyers should read: (a) the Disclosure Statement for information about the Plan and about the purchase contract and escrow arrangements for the purchase of an Interval; and (b) this Report for information about the Condominium and the Apartment covered by this Report.

11. Prospective time share buyers are also advised that they have the rights to cancel under the Condominium Property Act (Chapter 514A, HRS) as explained in Section V.B. below, as well as the other rights to cancel explained in the Disclosure Statement or provided by the Time Share Act (Chapter 514E, HRS).

12. The Developer may, but is not required to, offer an entire Apartment for sale under this Report. Prospective buyers of an entire Apartment, when and if offered by the Developer, must be given a copy of this Report only, and should also read this Report for information about the sales contract and escrow arrangement for the purchase of an entire Apartment.

This Report does not constitute an approval of the Condominium or the Plan by the Real Estate Commission or by any other governmental agency, nor a representation by the Commission or by any other governmental agency that all material facts about the Condominium or the Plan have been fully or adequately disclosed.

PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION, AND ALSO THE TIME SHARE DISCLOSURE STATEMENT AND THE TIME SHARE DOCUMENTS, IF THEY ARE PURCHASING A TIME SHARE INTERVAL.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer Attorney for Developer General Contractor	
Real Estate Broker Escrow Company Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Schedule of Lease Rent (Apartment No. 7 only)	
EXHIBIT B: Description of Buildings	
EXHIBIT C: Parking Stalls	
EXHIBIT D: Common Elements	
EXHIBIT E: Common Interests	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Estimate of Initial Maintenance Fees and Maintenance Fees and Maintenance Fee Disbursement	
EXHIBIT H: Summary of Deposit Receipt and Sales Contract	
EXHIBIT I: Summary of Escrow Agreements	
EXHIBIT J: Description of Apartments	
EXHIBIT K: Description of Tennis Center	
EXHIBIT L: Original Developer's Reserved Rights	
EXHIBIT M: Boundaries of Each Apartment and Permitted Alterations to Apartment	

General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Mauna Loa Vacation Ownership Phone: (808) 331-2200
(for the Name (limited partnership)
sale of 78-7190 Kaleiopapa Road
Apartment Business Address
No. 7) Kailua-Kona, Hawaii 96740
(Business)

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

Mauna Loa Enterprises, General Partner -
Harrison G. Fagg, Manager
Woodbine Investors, Inc., Limited Partners

Real Estate Broker: Mauna Loa Village Resort, Inc. Phone: (808) 331-2200
Name (Business)
78-7190 Kaleiopapa Road
Business Address
Kailua-Kona, Hawaii 9674

Escrow: Hawaii Escrow & Title, Inc. Phone: (808) 532-2977
Name (Business)
700 Bishop Street, Suite 1600
Business Address
Honolulu, Hawaii 96813

General Contractor: N.A. Phone: _____
Name (Business)
Business Address

Condominium Managing Agent: PAR Management, Inc. Phone: (808) 591-8851
Name (Business)
1210 Auahi Street #105
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Robert E. Warner Phone: (808) 529-7360
(for the Attorney at Law, a Law Corporation
sale of Name
Apartment P.O. Box 2800
No. 7) Business Address
Honolulu, Hawaii 96803-2800
(Business)

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded Bureau of Conveyances: Document No. _____
Book 23980 Page 401
 Filed Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

<u>Dated</u>	<u>Recorded</u>	<u>Instrument No.</u>
January 12, 1991	February 1, 1991	91-013505
September 27, 1991	November 25, 1991	91-1611257
May 5, 1995	July 6, 1995	95-88098

- 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 Conveyances Condo Map No. 1270
 Filed - Land Court Condo Map No. _____

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

See attached page 6(a)

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book 23980 Page 448
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

<u>Dated</u>	<u>Recorded</u>	<u>Instrument No.</u>
September 27, 1991	November 25, 1991	91-161258
March 25, 1977	April 23, 1997	97-52845

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

An amendment to the Condominium Map was recorded reflecting an increase in the size of the lanais on the D, F, G, J and K Type Apartments in Phase 2 and consequent change in the exterior appearance of the buildings in which those Type Apartments are contained, as shown in revised elevation drawings for those buildings.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>See Article 12, Sec. 1, Bylaws</u>

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

2. Developer: (Mauna Loa Vacation Ownership)

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules: None.

However, the Original Developer of the Condominium, Pacific Rim Construction, did reserve rights, which on information and belief, have been assigned to a third party, see paragraph H., page 16.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: September 30, 2050 Rent Renegotiation Date(s): First 35 years have fixed rental amounts; thereafter rent to be renegotiated for each of the next 10-year periods and the final six-year period. Commencement date of lease is August 4, 1993.

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Apartment No. 7

Exhibit "A" contains a schedule of the lease rent for ~~each apartment~~ per: Month Year

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

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

- Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: Kaleopapa Road Tax Map Key (TMK): (3)7-8-10:58 and 69

Keauhou-Kona, Hawaii

Address TMK is expected to change because _____

6.602 and

Land Area: 32.607 square feet acre(s) Zoning: RM-2

Fee Owner: Trustees of the Estate of Bernice Pauahi Bishop
 Name
Suite 200, Kawaihao Plaza, 567 South King Street
 Address
Honolulu, Hawaii 96813

Lessor: Same as above
 Name

 Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion as of 1991 for Phase 1 including Apartment No. 7 and as of 1993 for Phase 2
2. Number of Buildings: 23 (Phases 1&2) Floors Per Building 22 buildings have 2 floors
1 building has 1 floor
 Exhibit "B" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other masonry, plaster, steel, glass and related materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>140</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

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

- Pets: _____
- Number of Occupants: _____
- Other: No water beds permitted.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers): (See Exhibit "J")

Elevators: 0 Stairways: yes Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 141 in Phase 1 and 2

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

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

Boundaries of Each Apartment:

(See Exhibit "M")

Permitted Alterations to Apartments:

(See Exhibit "M")

(Note: The Condominium File Plan reflects that there will be an additional 121 parking stalls located on Phase 1 which are assigned to the Tennis Center)

7. Parking Stalls:

Total Parking Stalls: 197 (Phase 1 and 2)

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>56</u>	<u> </u>	<u>16</u>	<u> </u>	<u> </u>	<u> </u>	<u>72</u>
Guest	<u>12</u>	<u> </u>	<u>32</u>	<u> </u>	<u> </u>	<u> </u>	<u>44</u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u>1</u>	<u>11</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>12</u>
Total Covered & Open:	<u>149</u>	<u> </u>	<u>48</u>	<u> </u>	<u> </u>	<u> </u>	<u>197</u>

Each apartment will have the exclusive use of at least one (1) parking stall(s). * Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit "C" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area
(8 - 4 in each Phase)

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: An Administration building is provided at the entrance to the Project and also a laundry building located as shown on the Condominium File Plan.

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

(For conversions of residential apartments in existence for at least five years): Not Applicable

*The numbers reflected on the Condominium File Plan for each parking stall do not mean that the stall belongs to the apartment bearing the same number, except as to Phase 1 apartments which have assigned parking stalls. Buyers are encouraged to find out which stall(s) will be available for their use.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit "D".

as follows:

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.

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

[] described in Exhibit _____

[X] as follows:

Parking Stalls. Each apartment shall have appurtenant to it the exclusive and irrevocable right to use the parking stall designated in Exhibit "C" attached hereto, located in the parking area or facility as shown on the Condominium File Plan.

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

[X] described in Exhibit "F"_____.

[X] as follows: The common interest will change in the future if additional units are added to the project.

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

Exhibit "F" describes the encumbrances against the title contained in the title report dated 6/16/97
and issued by Hawaii Escrow and Title, Inc.

Blanket Liens:

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

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

[X] There are blanket liens which may affect title to the individual apartments. (Apt. No. 7 only)

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage recorded as Instrument No. 97-073506	None. Mortgage will be released as to each apartment upon conveyance to each buyer.

F. 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: **Expired**

2. Appliances: **Expired**

G. Status of Construction and Date of Completion or Estimated Date of Completion:

Phase 1, including Apartment No. 7, was completed in 1991.

Phase 2 was completed in 1993.

H. Project Phases:

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

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

None

However, approximately 328 additional Apartments in one or more additional Phases (5 additional Phases were envisioned by the Original Developer) may be developed and constructed under a reservation of rights to add more Apartments to the land on which the Condominium is located. Also reserved are the rights: to effect the merger of this Project with additional condominium projects developed on land previously withdrawn from this Project; to effect a consolidation and resubdivision and/or subdivision of the land described in the Condominium Declaration which will result in the area and configuration of said land being different than presently described; and to execute and record amendments to the Condominium Declaration and other documents to effect such changes in accordance with the terms and provisions of the Condominium Declaration.

The Condominium Map filed by the Original Developer shows the total development plan envisioned, including the approximate number of units and their location. The design and quality of the additional improvements may be

substantially the same as the existing improvements.

The Condominium Declaration provides that development and construction of additional improvements must be completed on or before ten (10) years after the date the Condominium Declaration was recorded, which was October 1, 1989.

For more information see Paragraphs O, P, Q and R of the Condominium Declaration; also Sections F.5 through F.9 of the Condominium Declaration regarding easements reserved for the construction, maintenance and operation of subsequent Phases.

On information and belief, the Original Developer has assigned these reserved rights to a third party.

There is no representation that any additional Apartment or Phases will or will not be developed or merged with this Project, or that any of the reserved rights will or will not be exercised.

IV. CONDOMINIUM MANAGEMENT

- A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners Other: _____

- B. **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, a lien may be placed on your apartment and the apartment may be 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.

Exhibit "G" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **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:

- None Electricity (_____ Common Elements only _____ Common Elements & Apartments)
 Gas (_____ Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "H" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 11, 1997
Exhibit "I" contains a summary of the pertinent provisions of the escrow agreement.
- Other Specimen apartment lease

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other a) Declaration of Merger of Condominium Phases; b) Apartment Lease from Bishop Estate recorded as Instrument No. 93-131542.

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

This Public Report is a part of Registration No. 1817 filed with the Real Estate Commission on December 22, 1986.

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

[] YELLOW paper stock [] WHITE paper stock [X] PINK paper stock

C. Additional Information Not Covered Above

1. The Original Developer has constructed a tennis center on a portion of the two (2) lots (designated as Lots 1 and 2 of the "HOLUA AT KEAUAHOU PHASE I", as shown on File Plan Number 1784) originally submitted to the Condominium by the Condominium Declaration.

The Condominium Declaration provides: (a) that the tennis center is to be privately owned and operated, is separate and distinct from the Condominium, and is not a part or common element of the Condominium; and (b) that the portion of said Lots on which the center is located shall be withdrawn as a part of the Condominium. The right is also reserved in the Condominium Declaration to effect a consolidation and resubdivision and/or subdivision of said Lots to effectuate said withdrawal. Upon exercise of these rights, the Condominium Declaration, Bylaw and, if necessary, the Condominium File Plan are to be amended to describe the realigned boundaries and area of the land remaining as a part of the Condominium.

The Condominium Declaration and By Laws also provide that the AOAO has the right and power to enter into a membership agreement with the tennis center as an appurtenance to and for the benefit of each Apartment in the Condominium. If such an agreement was made, each Apartment Owner would be liable for and pay a portion of the cost of such tennis center membership as a portion of the maintenance fee, and the AOAO would have a lien on each Owner's apartment to enforce payment.

Memberships in the tennis center may be held by the general public who will have full access to the center, but will not have access to or use of the common elements of the Condominium.

See Paragraphs M and S of the Condominium Declaration and Article 5, Section 3 of the Condominium Bylaws for further information on the tennis center.

On information and belief, the Original Developer has assigned to a third party these reserved rights and its interest in the lease of the tennis center.

There is no assurance that the holder of these rights and this lease will or will not: offer a membership agreement to the AOAO; operate and maintain the tennis center, or effectuate the withdrawal from the Condominium of the land on which the center is located.

2. The Condominium is adjacent to an existing golf course, and by virtue of such location may be subject to errant golf shots. Purchasers and users of Apartment should be made cognizant of such potential hazards, particularly in the limited and common elements of the Condominium.

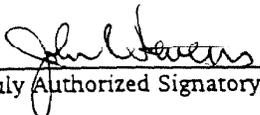
3. The Condominium File Plan shows various parking areas within the Condominium and a two level parking structure within Phase 1 of the Condominium. This parking structure has been completed. The right is reserved in the Condominium Declaration by the Original Developer to convey or otherwise designate any stall not specifically designated in the Condominium Declaration as appurtenant to any particular apartment, to be appurtenant to and for the exclusive use of any other Apartment in the Condominium or in any subsequent phase or increment of the Condominium or for the exclusive use of the tennis center.

On information and belief, the Original Developer has assigned these rights to a third party.

4. The Condominium File Plan shows a two level parking structure within proposed Phase 6 and also within proposed Phase 7 of the Condominium. Purchasers should review the Condominium File Plan to see what effect, if any, the multi-level structure may have on any particular apartment within the Condominium. There is no assurance that this structure will or will not be constructed.

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

MAUNA LOA VACATION OWNERSHIP
Printed Name of Developer
By **Mauna Loa Enterprises**

By:  August 7, 1997
Duly Authorized Signatory Date

John Stevens, Member
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii

EXHIBIT "A"

SCHEDULE OF LEASE RENTS
(FOR APARTMENT NO. 7 PER MONTH)

<u>Apt. Type</u>	<u>Apt. No.</u>	<u>First Five (5) Year Period</u>	<u>Next Ten (10) Year Period</u>	<u>Next Ten (10) Year Period</u>	<u>Next Ten (10) Year Period</u>
B	7	80.00	120.00	180.00	270.00

Rent reserved under the apartment lease shall be redetermined for the ten (10) year period commencing at the end of the fixed rental period, the next ten (10) year period, and the final six (6) year period of the term of such apartment lease by mutual agreement of the Lessor and all apartment owners (acting by and through the Association) or, upon a failure to agree, by appraisal as provided in the apartment leases.

Term of Lease: Commencing on August 4, 1993 and terminating on September 30, 2050.

The renegotiated lease rents are to be determined as follows: For and during the next two (2) successive ten (10) year periods and the final six (6) year period of the term of this lease, such sum as shall be determined by written agreement of Lessor and Lessee (either individually or acting by and through the Association), or if they fail to reach such agreement at least ninety (90) days before the commencement of each such period, such rental shall be determined by appraisers appointed as provided in paragraph A hereof who shall ascertain the fair market value in fee simple of the land upon which the project is located as of the commencement of the period for which the rent is sought to be determined, and multiply the value so ascertained by the then prevailing net percentage rate of annual rental return enjoyed by owners of land under condominium projects in the Keauhou-Kona area, Island and County of Hawaii, but which rate of return shall not be less than seven percent (7%) per annum. In ascertaining the fair market value of the land in fee simple, the appraisers shall assume for the purpose of their appraisal that the demised premises are vacant of all buildings and improvements, unencumbered by this lease, except as to the use permitted hereunder, or the subsistence of any right to or interest in the premises in any person other than Lessor, and available for immediate development and utilization to the then highest and best use therefor. The process or method of appraisal shall be that receiving general acceptability among competent, experienced and recognized appraisers in the field of real estate evaluation in the State of Hawaii and on the mainland United States. The product so found shall be the annual net rental for all apartments for the proportionate share therefor equal to the undivided percentage interest in all common elements of the project as established for the apartment by the Declaration for the project; provided, however, the annual net rental for the next ensuing period, determined as aforesaid, shall in no event be less than the annual rental payable for the immediately preceding period. It is agreed that if any appraisal for any period is still pending at the commencement thereof, the Lessee, pending the determination thereof, shall continue to pay the same rent as reserved herein for the next preceding rental period until the appraisal is completed, whereupon Lessee shall promptly pay the deficiency, if any.

EXHIBIT "B"

DESCRIPTION OF BUILDINGS

Phase 1 of the project contains eleven (11) two-story residential apartment buildings, one (1) two-story administration building and one (1) one-story laundry building. Seven (7) residential apartment buildings each contain five (5) residential apartments ("Paradise Complex"; Building Nos. 1, 2, 4, 6, 8, 9 and 11). Three (3) residential apartment buildings each contain ten (10) residential apartments ("Plumeria Complex"; Building Nos. 3, 5, 7). One (1) residential apartment building contains seven (7) residential apartments ("Polynesian Complex"; Building No. 10).

Phase 2 of the project shall contain Ten (10) two-story residential apartment buildings. Five (5) residential apartment buildings each contain Five (5) residential apartments ("Paradise Complex"; Building Nos. 13, 15, 17, 19 and 21). Three (3) residential apartment building each contain Ten (10) residential apartments ("Plumeria Complex"; Building Nos. 12, 18 and 20). Two (2) residential apartment buildings each contain Seven (7) residential apartments ("Polynesian Complex"; Building Nos. 14 and 16).

All buildings are constructed principally of concrete, masonry, plaster, steel, wood, glass and related materials. Each residential apartment building has a central courtyard through which access to each residential apartment in the building is provided.

EXHIBIT "C"

PARKING STALLS

Each Phase 1 apartment shall have appurtenant to it the exclusive right to use the parking stall bearing the same number as the apartment, located in the parking lot as shown on the Condominium File Plan.

Each Phase 2 apartment shall have appurtenant to it the exclusive right to use one unassigned parking stall located in the parking lot as shown on the Condominium File Plan.

The original developer reserved the right for itself, its successors and assigns, by way of an amendment to the declaration, to convey or otherwise designate any parking stall not specifically designated therein to be appurtenant to and for the exclusive use of any other apartment in the project or in a subsequent phase or increment to the project, or for the exclusive use of the tennis center referred to in paragraph M of the declaration.

EXHIBIT "D"

COMMON ELEMENTS

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the declaration, subject, however, to the provisions contained in paragraphs P and S of the declaration.
2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, perimeter walls, load-bearing walls, floors, ceilings (except the inner or decorated surfaces of the perimeter walls, load-bearing walls, floors and ceilings), roofs, stairs and stairways, sidewalks and curbs.
3. All yards, grounds, gardens, planters, plants, landscaping, waterfalls, fountains, courtyard areas, refuse facilities, roads, driveways, walkways and parking areas, including golf cart parking stalls as shown on the Condominium File Plan.
4. All recreational and related facilities, including swimming pools located as shown on the Condominium File Plan.
5. An administration building and a laundry building located as shown on the Condominium File Plan.
6. All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations 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, if any.
7. Any and all 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.

EXHIBIT "E"
COMMON INTERESTS
MAUNA LOA VILLAGE

PHASE 1

<u>Apartment Type</u>	<u>Apartment No.</u>	<u>Undivided Common Interest of Each Apartment</u>
Unit "A"	1, 6, 21, 36, 51, 56, 68	.2508%
Unit "B"	2, 3, 4, 7, 8, 9, 22, 23, 24, 37, 38, 39, 52, 53, 54, 57, 58, 59, 69, 70, 71	.2508%
Unit "C"	5, 10, 25, 40, 55, 60, 72	.2804%
Unit "D"	11, 19, 26, 34, 41, 49, 61, 66	.1490%
Unit "E"	12, 20, 27, 35, 42, 50, 62, 67	.1613%
Unit "F"	63, 65	.3512%
Unit "G"	64	.4224%
Unit "H"	13, 17, 28, 32, 43, 47	.1703%
Unit "I"	16, 31, 46	.2408%
Unit "J"	14, 18, 29, 33, 44, 48	.1580%
Unit "K"	15, 30, 45	.2250%

PHASE 2

<u>Apartment Type</u>	<u>Apartment No.</u>	<u>Undivided Common Interest of Each Apartment</u>
Unit "A"	83, 95, 107, 122, 137	.2457%
Unit "B"	84, 85, 86, 96, 97, 98, 108, 109, 110, 123, 124, 125, 138, 139, 140	.2457%
Unit "C"	87, 99, 111, 126, 141	.2747%

Unit "D"	73, 81, 88, 93, 100, 105, 112, 120, 127, 135	.1580%
Unit "E"	74, 82, 89, 94, 101, 106, 113, 121, 128, 136	.1580%
Unit "F"	90, 92, 102, 104	.3561%
Unit "G"	91, 103	.4294%
Unit "H"	75, 79, 114, 118, 129, 133	.1668%
Unit "I"	78, 117, 132	.2359%
Unit "J"	76, 80, 115, 119, 130, 134	.1668%
Unit "K"	77, 116, 131	.2359%

* Note: The Declaration in Section G.3 provides as follows:

"3. Prior to Completion of All Phases. Any provision in this declaration to the contrary notwithstanding, until the Developer has recorded an amendment to this declaration indicating the completion of the final phase in the project and amending the common interest pursuant to paragraph R, or 10 years from the date of recordation of this declaration, whichever shall first occur, the common interest appurtenant to the apartments in the undeveloped phases shall be subtracted from the total common interest in the project in calculating the proportionate share in all common profits, common expenses and for all other purposes, including voting, appurtenant to the apartments in the developed phase or phases."

EXHIBIT "F"

- =====
1. TAXES ARE SHOWN ON EXHIBIT "F-1" ATTACHED HERETO.
 2. ASSESSMENTS

ASSESSMENTS OR CHARGES LEVIED BY MUNICIPAL OR GOVERNMENTAL AUTHORITY OR IMPOSED BY ANY OTHER LAWFULLY CONSTITUTED BODY AUTHORIZED BY STATUTE TO ASSESS, LEVY AND COLLECT THE SAME, IF ANY.
 3. TITLE TO ALL MINERALS AND METALLIC MINES RESERVED TO THE STATE OF HAWAII.
 4. RESERVATION OF ALL SURFACE AND GROUND WATERS AS RESERVED IN INSTRUMENT DATED OCTOBER 2, 1969, RECORDED NOVEMBER 4, 1969, IN LIBER 6755, PAGE 49, IN SAID BUREAU.
 5. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS AND OTHER PROVISIONS SET FORTH IN THE INSTRUMENT,
DATED : OCTOBER 2, 1969.
RECORDED : NOVEMBER 4, 1969, IN LIBER 6755, PAGE 49, IN THE BUREAU OF CONVEYANCES.
 6. AN EASEMENT AFFECTING A PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES,
IN FAVOR OF : HAWAIIAN ELECTRIC COMPANY, INC., A HAWAII CORPORATION AND HAWAIIAN TELEPHONE COMPANY, A HAWAII CORPORATION NOW KNOWN AS GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, A HAWAII CORPORATION.

FOR : UTILITY PURPOSES.
DATED : DECEMBER 5, 1984.
RECORDED : MAY 2, 1985, IN LIBER 18611, PAGE 537, IN THE BUREAU OF CONVEYANCES.
(AFFECTS PARCEL II AND OTHER PROPERTIES)
 7. COVENANTS, CONDITIONS, PROVISIONS AND RESTRICTIONS AS CONTAINED IN THAT CERTAIN DECLARATION OF MERGER OF CONDOMINIUM PHASES, HOLUA AT MAUNA LOA VILLAGE,
DATED : OCTOBER 1, 1989.
RECORDED : DECEMBER 11, 1989, IN LIBER 23980, PAGE 392, IN SAID BUREAU.

8. AN EASEMENT AFFECTING A PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, IN FAVOR OF : HAWAII ELECTRIC LIGHT COMPANY, INC., A HAWAII CORPORATION.
FOR : UTILITY PURPOSES.
DATED : MARCH 7, 1990.
RECORDED : APRIL 11, 1990, AS INSTRUMENT NO. 90-051581, IN THE BUREAU OF CONVEYANCES.
9. MATTERS AS SHOWN ON CONDOMINIUM FILE PLAN NO. 1270, FILED IN THE BUREAU OF CONVEYANCES.
10. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS, PROVISIONS, EASEMENTS AND BY-LAWS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME,
DATED : OCTOBER 1, 1989.
RECORDED : DECEMBER 11, 1989, IN LIBER 23980, PAGE 401, IN THE BUREAU OF CONVEYANCES.

SAID DECLARATION WAS AMENDED BY INSTRUMENT DATED JANUARY 12, 1991, RECORDED FEBRUARY 1, 1991, AS INSTRUMENT NO. 91-13505, IN SAID BUREAU.

SAID DECLARATION WAS AMENDED BY INSTRUMENT DATED SEPTEMBER 27, 1991, RECORDED NOVEMBER 25, 1991, AS INSTRUMENT NO. 91-161257, IN SAID BUREAU. (RE: NAME CHANGE)

SAID DECLARATION WAS AMENDED BY INSTRUMENT DATED MAY 5, 1995, RECORDED JULY 6, 1995, AS INSTRUMENT NO. 95-88098, IN SAID BUREAU.

11. BY LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF HOLUA AT MAUNA LOA VILLAGE,
DATED : OCTOBER 1, 1989.
RECORDED : DECEMBER 11, 1989, IN LIBER 23980, PAGE 448, IN SAID BUREAU.

SAID BY LAWS WAS AMENDED BY INSTRUMENT DATED SEPTEMBER 27, 1991, RECORDED NOVEMBER 25, 1991, AS INSTRUMENT NO. 91-161258, IN SAID BUREAU.

SAID BY LAWS WAS AMENDED BY INSTRUMENT DATED MARCH 25, 1997, RECORDED APRIL 23, 1997, AS INSTRUMENT NO. 97-52845, IN SAID BUREAU.

12. AN EASEMENT AFFECTING A PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES, IN FAVOR OF : HAWAII ELECTRIC LIGHT COMPANY, INC., A HAWAII CORPORATION.
FOR : UTILITY PURPOSES.
DATED : MARCH 28, 1991.
RECORDED : MAY 10, 1991, AS INSTRUMENT NO. 91-60027, IN THE BUREAU OF CONVEYANCES.
13. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE MAUNA LOA INTERVAL OWNERSHIP PLAN,
DATED : NOVEMBER 16, 1995.
RECORDED : NOVEMBER 15, 1995, AS INSTRUMENT NO. 95-162694, IN THE BUREAU OF CONVEYANCES.
14. MAUNA LOA INTERVAL OWNERSHIP PLAN ASSIGNMENT OF DEVELOPER'S POSTION,
BY : MAUNA LOA ENTERPRISES, LCC., A MONTANA LIMITED LIABILITY COMPANY.
TO : MAUNA LOA VACATION OWNERSHIP, A HAWAII LIMITED PARTNERSHIP.
DATED : DECEMBER 18, 1995.
RECORDED : DECEMBER 19, 1995, AS INSTRUMENT NO. 95-164094, IN THE BUREAU OF CONVEYANCES
15. ANY AND ALL EASEMENTS ENCUMBERING THE APARTMENT HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENANT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION, AND/OR IN SAID APARTMENT LEASE, AND/OR AS DELINEATED ON SAID CONDOMINIUM .
16. A MORTGAGE, TO SECURE AN INDEBTEDNESS OF THE AMOUNT STATED HEREIN AND ANY OTHER AMOUNTS PAYABLE UNDER THE TERMS THEREOF,
DATED : JUNE 2, 1997.
AMOUNT : \$100,000.00
MORTGAGOR : MAUNA LOA VACATION OWNERSHIP, A HAWAII LIMITED PARTNERSHIP.
MORTGAGEE : RICHARD E. GANNON AND JANET L. COLLINS, HUSBAND AND WIFE, AND WALLACE COLLINS AND IRENE COLLINS, TRUSTEES UNDER THAT CERTAIN UNRECORDED COLLINS FAMILY TRUST, WITH POWERS TO SELL, MORTGAGE, LEASE, ETC.
RECORDED : JUNE 5, 1997, AS INSTRUMENT NO. 97-073506, IN THE BUREAU OF CONVEYANCES.

LOAN NO. : NONE

SAID MORTGAGE, AMONG OTHER PROVISIONS, CONTAINS A PROVISION RE: THE SALE OR TRANSFER OF ALL OR ANY PORTION OF LANDS ENCUMBERED BY SAID MORTGAGE, THAT ALL SUMS SECURED THEREBY MAY BECOME IMMEDIATELY DUE AND PAYABLE UNLESS THE PROVISIONS CONTAINED THEREIN ARE SATISFIED.

ADDRESS OF THE MORTGAGEE AS PER DOCUMENT:

78-7190 KALEIOPAPA ROAD
KAILUA-KONA, HAWAII 96740

E X H I B I T "F-1"

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TAX MAP KEY: (3) 7-8-010-58, ISLAND AND COUNTY OF HAWAII.
HORIZONTAL PROPERTY REGIME NO. 7. REAL PROPERTY TAXES FOR THE
FISCAL YEAR 1996-1997, IN THE ORIGINAL AMOUNT OF \$1,679.75,
ARE AS FOLLOWS:

1ST INSTALLMENT	\$839.88	(PAID)
2ND INSTALLMENT	\$839.87	(PAID)

ASSESSED VALUES: FISCAL YEAR 1996-1997

LAND:	\$ 13,700.00
EXEMPTION:	\$ ---
IMPROVEMENTS:	\$181,500.00
EXEMPTION:	\$ ---
TOTAL VALUE:	\$195,200.00
NET VALUE:	\$195,200.00

Exhibit "G"

Project: MAUNA LOA VILLAGE			9				
PROPOSED BUDGET 1/1/97 - 12/31/97	Y-T-D	Y-T-D	Monthly	1996	1996	1997	1997
Category Description	1/1/96-4/3/96	4/1/96-12/31/96	Actual Ave	Mo Budget	Ann Budget	Ann Budget	Mo Budget
	Am-Pac Prop	PaR Mgt Inc	PaR				
INCOME/EXPENSE							
INCOME							
400-Maintenance Fees	99,548.19	393,633.51	43,726.86	37,113	446,366	690,000	49,167
405-Late Fees	93.85	25,568.25	2,840.92	750	9,000	0	0
410-Legal Fees Reimb (Liens)	0.00	2,000.00	222.22	0	0	8,000	867
435-Rentals	0.00	2,200.00	244.44	1,500	18,000	0	0
440-Miscellaneous Receipts	0.00	0.00	0.00	1,200	14,400	0	0
450-Interest earned	128.93	1,611.96	179.11	0	0	1,200	100
TOTAL INCOME	99,639.04	423,301.76	47,033.53	40,563.00	486,756	598,000	49,833.33
EXPENSES							
600-ADMINISTRATION							
605-Accounting (Bkpg, Audit & Tax)	0.00	12,272.96	1,363.66	83	1,000	14,200	1,183
606-Administrator's Fee(On-site)	968.00	7,031.28	781.25	1,200	14,400	0	0
608-Administrative Expenses	360.20	468.00	52.00	42	500	3,000	250
625-Bank Charges	49.55	145.98	16.22	0	0	150	13
690A-Insurance - Renewals 1/15/97	24,661.24	41,348.00	4,594.00	4,563	55,000	75,600	6,300
710-Legal Fees	1,000.00	100,344.03	11,149.34	42	500	24,000	2,000
710A-Legal Fees/Reconcile TOE	0.00	0.00	0.00	0	0	0	0
730-Management Fee	11,952.00	19,826.01	2,202.89	2,200	26,400	28,220	2,352
770-Office Expenses	44.96	917.32	101.92	83	1,000	1,800	150
780-Postage & Printing	72.10	223.45	24.83	50	600	480	40
790-Bd Mtgs, etc	0.00	0.00	0.00	0	0	1,800	150
795-DCCA Regis Fees	0.00	188.00	18.44	29	350	350	29
800-REPAIRS & MAINTENANCE							
820A-Carpentry	145.83	3,174.30	352.70	250	3,000	15,000	1,250
820B-Electrical	0.00	6,376.08	708.34	42	500	6,600	550
820C-Gas (Propane BBQ,s)	0.00	78.75	8.75	29	350	300	25
820E-Plumbing	32.64	968.35	107.59	75	900	1,500	125
820F-Pools	0.00	6,704.71	744.97	208	2,500	5,000	417
820G-Spas	0.00	364.58	40.51	0	0	720	60
820H-Lagoons	0.00	7,259.75	806.64	83	1,000	3,600	300
820I-Irrigation (Sprinklers)	0.00	1,292.53	143.61	167	2,000	2,400	200
820J-Painting	0.00	0.00	0.00	0	0	0	0
820K-Refuse Containers	0.00	0.00	0.00	0	0	0	0
820L-Roofs, Aluminum	0.00	0.00	0.00	0	0	10,000	833
820M-Roof, Gutters	0.00	0.00	0.00	0	0	0	0
820N-Vents	0.00	0.00	0.00	0	0	0	0
820Z-Other Repairs	434.22	0.00	0.00	83	1,000	0	0
830-PAYROLL							
835-Security	0.00	1,620.00	180.00	0	0	0	0
835B-On-site Manager, full-time	0.00	0.00	0.00	0	0	36,000	3,000
840-CONTRACT SERVICES							
840A-Grounds, Contract	13,286.08	62,105.55	6,900.62	6,500	78,000	72,000	6,000
840B-Grounds, Special	8,349.50	5,843.75	649.31	0	0	6,000	500
840C-Janitorial	0.00	523.12	69.24	0	0	2,500	208
840D-Pest Control	2,700.71	8,366.07	929.56	750	9,000	9,000	750
840E-Pool Service	1,200.00	12,053.61	1,339.28	2,800	33,600	33,600	2,800
840F-Refuse Disposal	3,449.08	8,736.36	970.71	333	3,996	12,000	1,000
840H-Lagoons & Fountains	0.00	410.00	45.56	500	6,000	24,000	2,000
840L-Fire Inspect/Exting	0.00	0.00	0	0	0	720	60
850-SUPPLIES							
850A-Landscaping	790.95	1,024.54	113.84	288	3,460	1,800	150
850C-Lagoon	0.00	12.50	1.39	83	1,000	1,200	100
850E-Pools, Spas	565.30	5,493.91	610.43	1,067	12,800	9,600	800
850R-Roofs	218.40	0.00	0.00	0	0	0	0
850S-Sprinklers	177.19	0.00	0.00	0	0	0	0

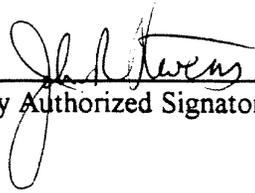
Project: MAUNA LOA VILLAGE		9					
PROPOSED BUDGET 1/1/97 - 12/31/97	Y-T-D	Y-T-D	Monthly	1996	1996	1997	1997
Category Description	1/1/96-4/3/96	4/1/96-12/31/96	Actual Ave	Mo Budget	Ann Budget	Ann Budget	Mo Budget
	Am-Pac Prop	PaR Mgt Inc	PaR				
800-UTILITIES							
870-Telephone	0.00	201.21	22.36	42	500	600	50
890A-Electric	22,132.93	75,240.23	8,360.03	11,667	140,000	144,000	12,000
890B-Gas	0.00	19.69	0.00	42	500	600	50
890C-Sewer	0.00	0.00	0.00	0	0	0	0
890D-Water	8,780.60	33,390.60	3,710.07	2,917	35,000	54,000	4,500
890E-TV Cable						0	0
900-INCOME TAXES							
910-Haw General Excise	0.00	0.00	0.00	0	0	900	75
920-Hawaii Income Tax	0.00	0.00	0.00	0	0	150	13
930-Federal Income Tax	0.00	0.00	0.00	0	0	0	0
TOTAL OPERATING EXPENSES	101,371.48	424,100.20	47,120.06	36,238.00	434,856	603,390	50,283
NET OPERATING INCOME (LOSS)	(1,732.42)	(798.44)	(86.53)	4,325.00	51,900	(5,390)	(449)
460-Special Assessments-Reserves	14,459.00	58,315.50	6,479.50	0	0	100,000	8,333
TOTAL RESERVES EXPENSES	0.00	0.00	0.00	0.00	0.00	100,000	8,333
TOTAL INCOME/(LOSS)	12,728.58	57,517.06	6,392.97	4,325.00	51,900.00	(5,390.00)	(449.17)
Transfer to Reserves Account	15,328.70	26,498.06	2,944.23	5,416	64,997	100,000	8,333
Cash Operating Account Balance - FHB	0.00	0.00					
Cash Operating Account Balance - ASB	0.00	34,032.96					
Reserves 1	0.00	5,806.93					
Reserves 2	0.00	20,233.47					
Reserves CD	15,328.70	15,786.36					
Security Deposits, Rental	0.00	400.00					
Pre-paid Maintenance Fees	0.00	209.00					
Accounts Receivable MF & SA	0.00	208,182.64					
Recoverable Attorney Fees	0.00	90,672.34					
TOTAL RECEIVABLES	0.00	298,864.98					
Current Accounts Payable	0.00	0.00					
Past Due Accounts Payable	0.00	0.00					
Retained Earnings	0.00	5071.65					
Reserves Study Analysis - Updated based on Barrera (199				& current stats		7.00	
	Replacement \$	Useful Life	Annual Req	Current Rqd	Yr Due		
911-Structural Repairs	150,000	20	7,500	52,500	2009		
912-Painting	280,000	8	35,000	245,000	1997		
913-Pest Control	45,000	8	5,625	39,375	1997		
918-Fencing	160,000	25	6,400	44,800	2014		
920-Equipment	84,000	10	8,400	58,800	1999		
930-Roofing	600,000	30	20,000	140,000	2019		
940-Plumbing	350,000	35	10,000	70,000	2024		
950-Sprinkler Systems	54,000	10	5,400	37,800	1999		
960-Grounds	30,000	15	2,000	14,000	2004		
961-Grounds, Lighting	150,000	15	10,000	70,000	2004		
970-Pools & Spas	45,000	8	5,625	39,375	1997		
981-Road, Sealcoat	16,000	8	2,000	14,000	1997		
982-Road, Paving	180,000	30	6,000	42,000	2019		
	2,144,000		123,950	867,650			
			Yr 2000	Rqd Funding = 50%		433,825	
				Req Bal in Reserves		41,827	
				4 yrs @ 90000		360,000	
				Sp Assessment Bal Due		31,998	

DEVELOPER'S STATEMENT CONCERNING
A REPLACEMENT RESERVES STUDY

The undersigned, Developer of the **MAUNA LOA VILLAGE** condominium project, hereby state the following:

In estimating the figure for "Reserves" for Exhibit "G" Estimate of Initial Maintenance Fees, Developer's agent, PAR Management, Inc. has conducted a reserve study in accordance with Section 514A.83.6, H.R.S., and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawii Administrative Rules, as amended.

DATE: August 7, 1997



Duly Authorized Signatory of Developer

Attachment to
Exhibit "G"

EXHIBIT "H"

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

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

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary, supplemental, or final) for the Project prior to signing the Deposit Receipt and Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of construction lender.

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

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that these documents may be changed under certain circumstances.

(h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

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

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

(k) That the Association has the right and power, as set forth in the Declaration of Condominium Property Regime and the Bylaws, to enter into a membership agreement, appurtenant to and for the benefit of each apartment in the Project, with a tennis center which may be developed on property adjacent to the Project. Each apartment owner shall be liable for and pay a portion of the costs of any such tennis center membership, which costs will be apportioned among all apartment owners as a common expense of the Project, payable by each

apartment owner as a portion of the maintenance fee. The original developer has retained the right to enter into such a membership agreement on behalf of and at the expense of the Association.

- (1) That the purchaser will not receive interest on deposits made under the Sales Contract.

The Deposit Receipt and Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Deposit Receipt and Sales Contract on file with the Real Estate Commission.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to 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 the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

EXHIBIT "J"
DESCRIPTION OF APARTMENTS

Approximate Floor Area of Apartments in Both Phases 1 and 2:

<u>Apt. Type</u>	<u>Qty.</u>	<u>Br/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio(sf)</u>	<u>Total Net Living Area (sf) plus Lanai/Patio (sf)</u>
A	12	2/3	1326	182	1508
B	36	2/3	1326	182	1508
C	12	2/3	1504	182	1686
D	18	1/1	780	116	970
E	18	1/1	780	190	970
F	6	2/3	1806	306	2186
G	3	3/4	1980	560	2636
H	12	1/2	834	190	1024
I	6	2/3	1123	325	1448
J	12	1/2	834	116	1024
K	6	2/3	1123	230	1448

***NOTE:** Net living area of such apartment as set forth above is measured from the interior surface of the apartment perimeter walls and includes all of the walls and partitions within its perimeter walls, whether load-bearing or non-load bearing. 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. **THE FLOOR AREA ARE APPROXIMATE ONLY AND THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.**

EXHIBIT "K"

BOUNDARIES OF EACH APARTMENT:

Each apartment includes, but is not limited to, all walls, columns and partitions which are not load-bearing within the apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, the doors and door frames, lanai railings, windows and window frames along the perimeters, the airspace within the perimeters, the lanai air space, and all fixtures originally installed in the apartment. The apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each apartment or any pipes, shafts, wires, conduits or other utility or service lines running through an apartment which are utilized for or serve more than one apartment.

PERMITTED ALTERATIONS TO APARTMENTS:

Alterations or additions within an apartment, within a limited common element appurtenant to and for the exclusive use of an apartment, or the exterior of an apartment (including painting, awnings, jalousies and screens), shall require the written consent of the owner's plans by the Board of Directors of the Association of Apartment Owners and the apartment owners directly affected by such alterations or additions, as determined by the Board. Any alteration or addition that is different in any material respect from the Condominium File Plan shall be commenced only pursuant to an amendment of the declaration. Any necessary amendment of the Declaration may be made by such owners and the Board and recorded with plans certified as built by a registered architect or professional engineer.

The owner of two or more apartments separated by a party wall, floor or ceiling may alter or remove the intervening wall if structural integrity and soundness of the project is not adversely affected. At the termination of the common ownership of adjacent apartments, the altered or removed walls shall be restored by the owner to substantially the same condition as existed prior to the alteration or removal.