

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Mauna Loa Vacation Ownership  
Address 77-5725 Alii Drive B202, Kailua-Kona, HI 96740

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

Registration No. 1817

Effective date: November 24, 1997  
Expiration date: December 24, 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 \_\_\_\_\_
  - THIRD SUPPLEMENTARY: This report updates information contained in the:  
(pink)
    - Preliminary Public Report dated: \_\_\_\_\_
    - Final Public Report dated: \_\_\_\_\_
    - Supplementary Public Report dated: \_\_\_\_\_
- (Covers 25 apts listed on page 2a only)
- And  Supersedes all prior public reports.  
 Must be read together with \_\_\_\_\_  
 This report reactivates the \_\_\_\_\_  
 public report(s) which expired on \_\_\_\_\_

(\*) Exactly as named in the Declaration

(\*\*) Covers only 25 Apartments listed on page 2a

Disclosure Abstract Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report                      [X] 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. For clarity, it also repeats changes disclosed in the prior Second Supplementary Public Report issued 9/12/97.

[ ] No prior reports have been issued by the developer.

[X] Changes made are as follows:

1. There have been amendments to the Condominium Declaration, Condominium Bylaws and Condominium Map as indicated on page 6 of this Report, including amendments changing the description of the Condominium to include both Phases 1 and 2, changing the name of the Condominium to MAUNA LOA VILLAGE, and expressly permitting apartments to be used for residential and resort purposes.

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 Third 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 "AOAO") is organized and operating; its Board of Directors have been elected and are functioning; and the AOAO 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. Prior to the Second Supplementary Public Report was issued, the Developer named herein (Mauna Loa Vacation Ownership) has purchased 1 Apartment which was covered by that Report. Since then, the Developer has purchased an

an additional 24 Apartments, for a total of twenty-five (25) apartments now covered by this Report. The Developer purchased these Apartments after the Condominium was established and the Apartments 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 twenty-five (25) 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 one of these Apartments.

8. This Third Supplementary Public Report covers only the twenty-five (25) Apartments listed on the next page 2a. Only these 25 Apartments, or Intervals in one of them, may be offered and sold under this Report.

9. The Developer has: under Registration TD No. 131 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 Third 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.

13. The following twenty-five (25) Apartments are covered by this Third Supplementary Condominium Public Report:

<u>Apartment Type &amp; Bedrooms/Baths</u>	<u>Apt. No.</u>	<u>Undivided % Common Interest</u>	<u>Apartment Lease Document No.</u>	<u>Apartment Type &amp; Bedrooms/Baths</u>	<u>Apt. No.</u>	<u>Undivided % Common Interest</u>	<u>Apartment Lease Document No.</u>
A 2 Br/3 Bath	21	0.2457	93-131544	D 1 Br/1 Bath	41	0.1460	91-006659
	36	0.2457	93-131550		61	0.1460	93-131561
	51	0.2457	93-131558		66	0.1460	93-131564
	68	0.2457	93-131565				
B 2 Br/3 Bath	3	0.2457	93-131540	E 1 Br/1 Bath	27	0.1580	93-131546
	4	0.2457	93-131541		35	0.1580	93-131549
	7	0.2508	93-131542		50	0.1580	93-131557
	24	0.2457	93-131545				
	38	0.2457	93-131551				
	39	0.2457	93-131552				
	54	0.2457	93-131560				
69	0.2457	93-131566					
C 2 Br/3 Bath	40	0.2747	93-131553	H 1 Br/2 Bath	28	0.1668	93-131547
	72	0.2747	93-131568		47	0.1668	93-131555
I 2 Br/3 Bath	16	0.2359	93-131543	J 1 Br/2 Bath	48	0.1547	93-131556
	31	0.2359	93-131548				

14. Besides adding to the number of Apartments covered by this Report, the Developer has also: combined the Description of Buildings and Apartments into a single Exhibit; combined the summary of the Sales Contract and the Escrow Agreement into a single Exhibit; corrected errors in the Second Supplementary Report with regard to the approximate square footage and common interests of, and maintenance fees for, certain Apartment Types in Phase I; expanded upon information previously reported regarding amendments to the Condominium Declaration, including an amendment on permitted uses of the Apartments and use of the common elements, including the Administration Building, for customary lodging services; reported a possible change in the area and configuration of the land in the Condominium; reported the possible use of the parking structure for commercial purposes in connection with the tennis center (which is not part of the Condominium); reported its nonexclusive lease of a portion of the Administration Building for time share management purposes; reported a change in its lender and in blanket liens in favor of that lender; reported a change in its partners and current business address. The Developer has also and made other minor revisions and corrections. The Developer also states that it has not offered to sell or sold an Apartment or Interval therein based on the prior Public Report.

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.

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### 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, a Phone: (808) 331-2200  
(for the Name Hawaii limited partnership (Business)  
sale of 75-5725 Alii Drive B202  
25 Apts. Business Address  
listed on Kailua-Kona, Hawaii 96740  
page 2a)

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

Mauna Loa Village Resort, Inc., a Hawaii corporation -- General Partner

Westpro Development, Inc., a Nevada corporation -- Limited Partner

Real Estate Mauna Loa Village Resort, Inc. Phone: (808) 331-2200  
Broker: Name (Business)  
75-5725 Alii Drive B202  
Business Address  
Kailua-Kona, Hawaii 96740

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

General Not Applicable Phone: \_\_\_\_\_  
Contractor: Name (Business)  
Business Address

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

Attorney for Robert E. Warner, Attorney At Law Phone: (808) 529-7360  
Developer: A Law Corporation (Business)  
(for the Name  
sale of P.O. Box 2800  
25 Apts. Business Address  
listed on Honolulu, Hawaii 96803-2800  
page 2a)

**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, 1997	91-013505
September 27, 1991	November 25, 1991	91-161257
May 5, 1995	July 6, 1995	95-088098

- 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]: By amendment filed with Instrument No. 91-013505 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.

- 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, 1997	April 23, 1997	97-052845

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:

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.



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: Kaleiopapa Road Tax Map Key (TMK): (3) 7-8-010-058 & 069  
Keauhou-Kona, Hawaii

Address  TMK is expected to change because it is expected that the land on which the tennis center is located will be subdivided out and withdrawns, see page 20.

Land Area: 6.602 & 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 said 25 Apts; and as of 1993 for Phase 2
2. Number of Buildings: 23 (Phases 1&2) Floors Per Building 22 bldgs have 2 floors;  
1 bldg 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 (Phases 1 & 2)	<u>141</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	<u>    </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare (Phase 1)	<u>25</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: Resort/ transient rental (Phases 1&2)	<u>141</u>	<input checked="" 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: \_\_\_\_\_

[ X] Other: No water beds permitted

[ ] There are no special use restrictions.

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

Elevators: No Stairways: Yes Trash Chutes: No

<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>
<u>There are eleven different Apartment Types as described in Exhibit "B"</u>					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 141 in Phases 1 & 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 "I"

Permitted Alterations to Apartments: See Exhibit "I"

7. Parking Stalls:

Total Parking Stalls: 197 (Phases 1 & 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>125</u>	<u>      </u>	<u>16</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>141</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>      </u>	<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>0</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. with respect to the tennis center. Stalls in the parking structure may be assigned to the tennis center, see page 20.
- 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 Administrative Bldg is provided at the entrance to the Project, see page 20 for more information; and also a laundry bldg 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.  
(to the best of Developer's Knowledge)

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.

11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted.  
 (to the best of Developer's Knowledge)  
 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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

(to the best of Developer's Knowledge)

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: Each apartment shall have appurtenant to it the exclusive and irrevocable right to use at least one (1) parking stall located in the parking or parking facility as shown on the Condominium File Plan, see Exhibit "C".

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 "E" which may change in the future depending on the development of future Phases, see page 16 for more information.

[ ] as follows:

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 9/22/97 and issued by Hawaii Escrow & 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.

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 & UCC-1 Financing Statement, for recording information, see Exhibit "F"	None. These blanket liens must and will be released as to each apartment upon conveyance to a 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 said 25 Apts, was completed in 1991.

Phase 2 was completed in 1993.

As to further development, on information and belief, the Developer states:

**Proposed** Phases 3 through 7, as envisioned by the Original Developer, are described in the Condominium Declaration as amended and are shown on the Condominium File Plan. **However, the Declaration states that the Original Developer is under no obligation to develop all of these Phases, and may develop more or less [or none], and may also change each of these Phases..**

Accordingly, on information and belief, Phases 2 through 7 do not have legal or physical existence.

Moreover, on information and belief, the development of additional phases and apartments is subject to the "Area 16 Apartment Development Lease (Lease No. 28,149)" dated August 1, 1983, a short form of which is dated August 1, 1993, and recorded in the Bureau of Conveyances of the State of Hawaii in Book 17236, Page 679. as amended by four

(4) instruments, as follows: dated September 14, 1983, recorded in the Bureau in Book 17324, Page 368; dated February 7, 1989 recorded in the Bureau in Book 22837, Page 334; dated November 17, 1989 recorded in the Bureau in Book 23980, Page 347; and dated June 10, 1993 and recorded in the Bureau as Document No. 93-131583. This lease as amended is called the "Area 16 Development Lease."

The Original Developer acquired the lessee's interest in the Area 16 Development Lease by instrument dated January 27, 1989 and recorded in the Bureau in Liber 22837, Page 313. However, the Original Developer is no longer the holder of the lessee's interest. According to the records in the Bureau, the Original Developer assigned the lessee's interest to Matsuzato Corporation by instrument dated August 13, 1993 recorded in the Bureau as Document No. 93-131462. These records do **not** show any assignment from Matsuzato Corporation to another party.

**The Developer is not affiliated with and does not have any relationship or connection with Matsuzato Corporation, and has no information or knowledge about the intentions or plans, if any, of Matsuzato Corporation for further development of the Condominium, see paragraph H. below.**

**H. Project Phases:**

The developer [ ] has [XX] 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):**

However, as described in the Condominium Declaration as amended, 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. **However, according to the Condominium Declaration, as amended, the Original Developer had no obligation to develop these apartments or phases, and had the right to change any apartments and phases that might be developed later.**

Also the Original Developer reserved in the Condominium Declaration as amended the rights: to effect a consolidation and resubdivision and/or subdivision of the land described in the Condominium Declaration and, jointly with the Fee Owner/Lessor, to withdraw any undeveloped portion from the Condominium and/or by itself to withdraw from the Condominium the land on which the tennis center is located [which in any such case will result in the boundaries, area and configuration of said land being different than presently described]; to effect the merger of this Project with additional condominium projects developed on land previously withdrawn from this project; to amend the common interest in the exercise of such reserved rights; 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 File Plan filed by the Original Developer shows the total development plan envisioned by the Original Developer, including the approximate number of units and their location, and the Condominium Declaration as amended states that the design and quality of the additional improvements may be substantially the same as the existing improvements.

The Condominium Declaration as amended provides that, unless extended, 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 D, O, P, Q, R and S of the Condominium Declaration and the Declaration of Merger of Condominium Phases referred to in Exhibit "F"; also Sections F.5 through F.9 of the Condominium Declaration regarding easements reserved for the development construction, repair, maintenance, sale and operation of the Project, including subsequent Phases, if any.

**Again, however, the Condominium Declaration as amended recites that the Original Developer is under no obligation to develop all of these Phases, and may develop more or less [or none], and may also change each of these Phases.**

**Moreover, on information and belief, the Developer reports: that the development of additional phases and apartments is subject to the Area 16 Apartment Development Lease; and that the Original Developer assigned this Lease and these reserved rights to a third party, Matsuzato Corporation, see paragraph G. above, which is not related to and is independent of the Developer. The Developer has no information or belief as to the intentions or plans, if any, of Matsuzato Corporation, for further development.**

Accordingly, there is **no** representation that any additional apartment or phases **will or will not** be developed or merged with this project, or that further development, if any, **will or will not** be undertaken as stated in the Condominium Declaration and shown on the Condominium File Plan, 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 \_\_\_\_\_ 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 "H" contains a summary of the pertinent provisions of the escrow agreement.
- Other Apartment Lease for said 25 Apts

B. Buyer's Right to Cancel Sales Contract:

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

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, see Exhibit "F" for recording information; (b) Apartment Lease for each of said 25 Apts, see page 2a for recording information.

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      [XX] PINK paper stock

### C. Additional Information Not Covered Above

1. Tennis Court: 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 KFAUHQU PHASF 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 AOA 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 AOA 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 AOA, operate and maintain the tennis center, or effectuate the withdrawal from the Condominium of the land on which the center is located.

2. Adjacent Golf Course: 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. Conveyance of Extra Parking Stalls: 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. Parking Structure: 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.

5. Use of Administration Building And Other Common Elements For Customary Lodging Services. The Amendment to the Condominium Declaration recorded as Document No. 95-088098 provides that: the common elements of the Condominium, including the Administration Building and Laundry Building, shall be subject to use by (a) an operator of a rental program including apartments in the project and/or (b) the owners association or plan manager of any time share program of apartment in the project, to furnish, at their respective cost and expense and for the benefit of the owners of such apartments and their guests, customary lodging services as enumerated in, or as otherwise within the meaning of Section 486K-1, HRS.

Such use shall be in accordance with applicable laws and the other provisions of the Condominium Declaration and Bylaws not inconsistent with this provision or in any way in conflict with this provision. Such use is also subject to reasonable rules and regulations therefor not in derogation of such use as may from time to time be adopted by the board of directors, provided that the board of directors may charge such user with the costs and expenses attributable to, and such additional cost and expenses as may arise from such use by it of, the common elements, as well as a reasonable rental fee.

Without limiting the generality of the foregoing, the Administration Building shall at all times be subject to use 24 hours a day for the daily arrival, registration, check-in/check-out, and departure of all owners and guests, including all time share owners, guests and exchange users, and the laundry building may be used to furnish incidental laundry and linen services for any rental or time share program in the project.

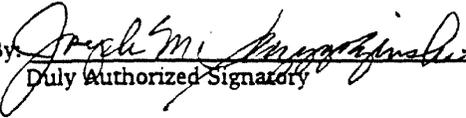
The Association of Apartments Owners of the Condominium has granted to the Developer named herein (Mauna Loa Vacation Ownership) a non-exclusive lease of the Administration Building for time share management purposes.

- 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, a Hawaii limited partnership

Printed Name of Developer

By Mauna Loa Village Resort, Inc., a Hawaii corporation, its General Partner

By   
Duly Authorized Signatory

September 26, 1997

Date

Joseph M. Przygodzinski, its Vice President

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**

The following information is a summary only of certain terms of each individual Apartment Lease. Purchasers and prospective purchasers are directed to pages 8 and 9 of this Third Supplementary Report for important information on leasehold condominium projects.

1. **Lease Term Expires:** September 30, 2050.
2. **Lease Rent Terms:** The annual rent is payable in two equal installments on January 1 and July 1 each year.
3. **Dates and Terms For Remaining Fixed Rent Periods:** The rent is fixed in three (3) remaining ten (10) year periods, in the amount per month per Apartment/Apartment Type, as follows:

<b><u>Apt. Type</u></b>	<b><u>Apt. Nos.</u></b>	<b><u>10/01/1994 to 9/31/2004</u></b>	<b><u>10/01/2004 to 9/31/2014</u></b>	<b><u>10/01/2014 to 9/31/2024</u></b>	<b><u>Apt. Type</u></b>	<b><u>Apt. Nos.</u></b>	<b><u>10/01/1994 to 9/31/2004</u></b>	<b><u>10/01/2004 to 9/31/2014</u></b>	<b><u>10/01/2014 to 9/31/2024</u></b>
A	21, 36, 51 & 68.	\$120.00	\$180.00	\$270.00	D	41, 61 & 66.	\$120.00	\$180.00	\$270.00
B	3, 4, 7, 24, 38, 39, 54 & 69.	\$120.00	\$180.00	\$270.00	E	27, 35 & 50.	\$120.00	\$180.00	\$270.00
C	40 & 72.	\$120.00	\$180.00	\$270.00	H	28 & 47.	\$120.00	\$180.00	\$270.00
					I	16 & 31.	\$120.00	\$180.00	\$270.00
					J	48.	\$120.00	\$180.00	\$270.00

**NOTE FOR INTERVAL BUYERS:** See the Time Share Disclosure Statement for how leases rents are apportioned among and assessed to Intervals and are collected and paid, and for information on each Interval's share of fixed lease rent by time share "Unit Type".

4. **Rent Renegotiation Dates And Terms:** Rent will be renegotiated by Lessor and Lessee, individually or acting through the Condominium Association, for the next two ten periods and for the final 6 years of the Lease, i.e.:

- (1) from October 1, 2024 to September 30, 2034;
- (2) From October 1, 2034 to September 30, 2044; and
- (3) from October 1, 2044 to September 30, 2050.

If agreement cannot be reached between the parties 90 days before the beginning of the each renegotiated rent period, the rent will be determined by appraisers appointed pursuant to the provisions of the Lease. To determine the annual rent for each Apartment, these appraisers will:

**First,** determine the fair market value of the land in fee simple as if the land were (x) vacant of all building and improvements, (y) not subject to the Lease, except for the use permitted by the Lease, or any other right to or interest in any person other than the Lessor, and (z) available for immediate development and use to the then highest and best use;

**Second,** multiply the fair market value so determined 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 not less than the rate of 7%; and

**Third,** multiply the product so found by the undivided percentage common interest of each Apartment.

The final product as so found by the appraisers, but not less than the annual rent payable for the immediately preceding period, will be the annual net rental for that Apartment for that renegotiated rent period.

## EXHIBIT "B" -- DESCRIPTION OF BUILDINGS AND APARTMENTS

Pursuant to Section C.1.(b) of the Amendment to the Condominium Declaration recorded as Document No. 91-013505, Phases 1 and 2 now constitute the Project and consist of a total of one hundred and forty-one (141) apartments, one (1) administration building, one (1) laundry building and no commercial apartments contained in twenty-two (22) two story buildings and one (1) one-story building. The buildings and apartments are more fully described as follows:

### Phase 1 Buildings:

Phase 1 contains eleven (11) two-story apartment buildings, one (1) two-story administration building and one (1) one-story laundry building. Seven (7) apartment buildings each contain five (5) apartments ("Paradise Complex": Building Nos. 1, 2, 4, 6, 8, 9 and 11). Three (3) apartment buildings each contain ten (10) apartments ("Plumeria Complex": Building Nos. 3, 54 and 7). One (1) apartment building contains seven (7) apartments ("Polynesian Complex": Building Nos. 14 and 16).

All buildings are constructed principally of concrete, masonry, plaster, steel, wood, glass and related materials, and have a central courtyard.

### Descriptions of Apartments:

Each apartment has immediate access to, or access to a walkway or stairway leading to, the central courtyard in each apartment building and then to the grounds of the project. The apartments are numbered consecutively 1 through 141, inclusive, beginning in Phase 1 with the apartment located on the right-hand side of the entry to Building No. 1 on the north end of the project, and in Phase 2 with the apartment located on the right-hand side of the entry to Building NO. 12. The apartment numbers, locations and descriptions are more fully illustrated on the Condominium File Plan, as amended. The apartments are constructed according to eleven (11) different basic floor plans, except that the lanais in Apartment Types D, F, G, J and K in Phase 2 are increased in size.

### Apartment Types:

1. Type "A": A two-story, two-bedroom, three-bath apartment, with a living room, kitchen and one bath on the upper floor and a lanai on both the upper and lower floors. Each "Paradise Complex" building contains one Type "A" apartment.

2. Type "B": A two-story, two-bedroom, three-bath apartment, with a living room, kitchen and one bath on the upper floor and a lanai on both the upper and lower floors. Each "Paradise Complex" building contains three Type "B" apartments.

3. Type "C": A two-story, two-bedroom, three-bath apartment, with a living room, kitchen, study and one bath on the upper floor and a lanai on both the upper and lower floors. Each "Paradise Complex" building contains one Type "C" apartment.

4. Type "D": A one-story, one-bedroom, one-bath apartment, with a living room, kitchen and lanai, located on the upper floor of each "Plumeria Complex" and "Polynesian Complex" building. Each "Plumeria Complex" and "Polynesian Complex" building contains two Type "D" apartments.

5. Type "E": A one-story, one-bedroom, one-bath apartment, with a living room, kitchen and lanai, located on the ground floor of each "Plumeria Complex" and "Polynesian Complex" building. Each "Plumeria Complex" and "Polynesian Complex" building contains two Type "E" apartments.

6. Type "F": A two-story, two-bedroom, three-bath apartment, with a living room, dining room, kitchen and one bath on the upper floor, a garden room on the lower floor,

### Phase 2 Buildings:

Phase 2 contains ten (10) two-story apartment buildings.

Five (5) apartment buildings each contain five (5) apartments ("Paradise Complex": Building Nos. 13, 15, 17, 19 and 21). Three (3) apartment buildings each contain ten (10) apartments ("Plumeria Complex": Building Nos. 12, 18 and 20). Two (2) apartment buildings each contain seven (7) apartments ("Polynesian Complex": Building Nos. 14, 16).

and a lanai on both the upper and lower floors.

Each "Polynesian Complex" building contains two Type "F" apartments.

7. Type "G": A two-story, three-bedroom, four-bath apartment, with a living room, dining room, kitchen, one bedroom, two baths and two lanais on the upper floor, and a garden room and one lanai on the lower floor. Each "Polynesian Complex" building contains one Type "G" apartment.

8. Type "H": A one-story, one-bedroom, two-bath apartment, with a living room, dining room, kitchen and lanai, located on the ground floor of each "Plumeria Complex" building. Each "Plumeria Complex" building contains two Type "H" apartments.

9. Type "I": A one-story, two-bedroom, three-bath apartment, with a living room, dining room, kitchen and lanai, located on the ground floor of each "Plumeria Complex" building. Each "Plumeria Complex" building contains one Type "I" apartment.

10. Type "J": A one-story, one-bedroom, two-bath apartment, with a living room, dining room, kitchen and lanai, located on the upper floor of each "Plumeria Complex" building. Each "Plumeria Complex" building contains two Type "J" apartments.

11. Type "K": A one-story, two-bedroom, three-bath apartment, with a living room, dining room, kitchen and lanai, located on the upper floor of each "Plumeria Complex" building. Each "Plumeria Complex" building contains one Type "K" apartment.

Apartment Type	Phase 1 Apartment Nos.	Phase 2 Apartment Nos.	Approximate Net Floor Area (sq. feet)				
			Interior		Lanai		Total
			Upper	Lower	Upper	Lower	
<u>A</u> 2Story/2Br/3Bath	1, 6, 21, 36, 51, 56 & 68.	83, 95, 107, 122 & 137.	656	670	91	91	1,508
<u>B</u> 2Story/2Br/3Bath	2, 3, 4, 7, 8, 9, 22, 23, 24, 37, 38, 39, 52, 53, 54, 57, 58, 59, 69, 70 & 71.	84, 85, 86, 96, 97, 98, 108, 97, 98, 108, 109, 110, 123, 124, 125, 138, 139 & 140.	656	670	91	91	1,508
<u>C</u> 2Story/2Br/3Bath	5, 10, 25, 40, 55, 60 & 72.	87, 99, 111, 126 & 141.	765	739	91	91	1,686
<u>D</u> 1Story/1Br/1Bath	11, 19, 26, 34, 41, 49, 61 & 66.		780	0	116	0	896
<u>D</u> 1Story/1Br/1Bath		73, 81, 88, 93, 100, 105, 112, 120, 127 & 136.	780	0	190	0	970
<u>E</u> 1Story/1Br/1Bath	12, 20, 27, 35, 42, 50, 62 & 67	74, 82, 89, 94, 101, 106, 113, 121, 128 & 136.	0	780	0	190	970
<u>F</u> 2Story/2Br/3Bath	63 and 65		815	991	116	190	2,112
<u>F</u> 2Story/2Br/3Bath		90, 92, 102 & 104.	815	991	190	190	2,186
<u>G</u> 2Story/3Br/4Bath	64.		1,163	817	232	328	2,540
<u>G</u> 2Story/3Br/4Bath		91 & 103.	1,163	817	328	328	2,636
<u>H</u> 1Story/1Br/2Bath	13, 17, 28, 32, 43 & 47.	75, 79, 114, 118, 129 & 133.	0	834	0	190	1,024
<u>I</u> 1Story/2Br/3Bath	16, 31 & 46.	78, 117 & 132.	0	1,123	0	325	1,448
<u>J</u> 1Story/1Br/2Bath	14, 18, 29, 33, 44 & 48.		834	0	116	0	950
<u>J</u> 1Story/1Br/2Bath		76, 80, 115, 119, 130 & 134.	834	0	190	0	1,024
<u>K</u> 1Story/2Br/3Bath	15, 30 & 45.		1,123	0	230	0	1,353
<u>K</u> 1Story/2Br/3Bath		77, 116 & 131.	1,123	0	325	0	1,448

NOTE: The approximate net floor area of each apartment 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. THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY, AND THERE IS NO REPRESENTATION OR WARRANTY WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.

## 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"

Apt. Type	Phase 1 Apartment Nos.	Phase 2 Apartment Nos.	Undivided % Common Interest	Apt. Type	Phase 1 Apartment Nos.	Phase 2 Apartment Nos.	Undivided % Common Interest
A	1, 6, 21, 36, 51, 56 & 68.	83, 95, 107, 122. & 137.	0.2457%	F*	63 and 65.		0.3441%
				F*		90, 92, 102 & 104.	0.3561%
B	2, 3, 4, 7, 8, 9, 22, 23, 24, 37, 38, 39, 52, 53, 54, 57, 58, 59, 69, 70 & 71.	84, 85, 86, 96, 97, 98, 108, 109, 110, 123, 124, 125, 138, 139 & 140.	0.2457%	G*	64.		0.4138%
				G*		91 & 103.	0.4294%
C	5, 10, 25, 40, 55, 60 & 72.	87, 99, 111, 126, & 141.	0.2747%	H	13, 17, 28, 32, 43 & 47.	75, 79, 114, 118, 129 & 133.	0.1668%
D*	11, 19, 26, 34, 41, 49, 61 & 66.		0.1460%	I	16, 31 & 46.	78, 117 & 132.	0.2359%
D*		73, 81, 88, 93, 100, 105, 112, 120, 127 & 136.	0.1580%	J*	14, 18, 29, 33, 44 & 48.		0.1547%
				J*		76, 80, 115, 119, 130 & 134.	0.1668%
E	12, 20, 27, 35, 42, 50, 62 & 67.	74, 82, 89, 94, 101, 106, 113, 121, 128 & 136.	0.15805%	K*	15, 30 & 45.		0.2204%
				K*		77, 116 & 131.	0.2359%

\* The Amendment to the Condominium Declaration recorded as Document No. 91-013505 states the common interests for the Type D, F, G, J and K Apartments in Phases 1 and 2 are different due to the increase in the size of the lanais in these Apartment Types in Phase 2.

The Condominium Declaration states, at Section G.3, that until an amendment to the Declaration is recorded:

"indicating the completion of the final phase of the project and amending the common interest pursuant to paragraph R [of this declaration], or 10 years from the date of recordation of this declaration [unless extended], 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 apartment in the developed phases or phases."

The Condominium Declaration states, at Section D, that:

"The Developer [meaning the original Developer Pacific Rim Construction, not the Developer named in the Public Report to which this Exhibit is attached] shall be solely responsible for payment of all expenses relating to the undeveloped portions of the land submitted to the Condominium Property Regime . . . ."

## EXHIBIT "F" -- ENCUMBRANCES AGAINST TITLE

### A. Miscellaneous Encumbrances, as follows:

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. The reservations and covenants, conditions, restrictions, agreements and other provisions set forth in Deed dated October 2, 1969, recorded on November 4, 1969 in the Bureau in Liber 6755, Page 49.

3. Those three (3) Grants of Easement dated December 5, 1984, March 7, 1990 and March 28, 1991 recorded in the Bureau on May 2, 1985 in Liber 18611, Page 537, on April 11, 1990 as Document No. 90-051581, and on May 10, 1991 as Document No. 91-60027, respectively.

### B. "Condominium Documents", as lawfully amended now and later, establishing and governing the Condominium, as follows:

1. The Declaration of Condominium Property REgime dated October 1, 1988 and recorded in the Bureau on December 11, 1989 in Liber 23980 at Page 401, as now and hereafter lawfully amended (the "**Condominium Declaration**"), which includes the following amendments: Instruments dated February 12, 1991, September 27, 1991 and May 5, 1995, recorded in the Bureau on February 1, 1991 as Document No. 91-13505, on November 25, 1991 as Document No. 91-161257, and on July 6, 1995 as Document No. 95-88098, respectively.

2. The By-Laws of the Association of Apartment Owners of Condominium recorded on December 11, 1989 in Liber 23980, Page 401, as amended by instruments dated September 27, 1991 and March 25, 1997, recorded in the Bureau on November 25, 1991 as Document No. 91-161258 on April 23, 1997 as Document No. 97-52845, respectively. These By-Laws, as lawfully amended now and later, are sometimes called the "**Condominium By-Laws**".

3. Condominium File Plan No. 1270, filed in the Bureau, which as now and later lawfully amended, is sometimes called the "**Condominium Map**".

4. Declaration of Merger of Condominium Phases dated October 1, 1989 and recorded in the Bureau on December 11, 1989 in Liber 23980 at Page 393.

5. The Condominium and the Association of Apartment Owners of the Condominium (the "**Condominium Association**") are also governed by unrecorded "Rules and Regulations" adopted from time to time by the Condominium Association and its Board of Directors.

### C. Apartment Leases. The terms and conditions of the Apartment Lease demising each Apartment covered by the Public Report to which this Exhibit is attached. Each

Apartment Lease is identified by recorded Document No. on page 2a of said Public Report.

### D. "Plan Documents", as lawfully amended now and later, establishing and governing the Mauna Loa Interval Ownership Plan (the "**Plan**"), as follows:

1. Declaration of Covenants, Conditions, and Restrictions for The Mauna Loa Interval Ownership Plan dated November 16, 1995 and recorded on December 15, 1995 in the Bureau as Document No. 95-162694, as the same is now and may hereafter be lawfully amended from time to time, is called the "**Plan Declaration**", and has been amended by First Declaration of Annexation dated September 15, 1997 and recorded in the Bureau on September 22, 1997 as Document No. 97-127419.

[Note: The Developer's position under the Plan Documents was assigned to Mauna Loa Vacation Ownership by instrument dated December 18, 1995, recorded on December 19, 1995 as Document No. 95-164094, and by Collateral Assignment of Declarant's Rights recorded on September 22, 1997 as Document No. 97-127422, said Developer's Position has been assigned to Ansley Associates, Inc.]

2. Articles of Incorporation of the Mauna Loa Interval Owners Association (the "**Association**") dated November 16, 1995 and recorded as a Exhibit to the Plan Declaration. These Articles, as now and later amended, are sometimes called the "**Charter**".

3. By-Laws of the Association dated November 16, 1995 and recorded as an Exhibit to the Plan Declaration. These By-Laws, as now and later amended, are sometimes called the "**Plan By-Laws**" or simply the "**By-Laws**".

4. The Plan and the Association are also governed by unrecorded "Rules and Regulations" promulgated by the Association, as amended from time to time, which are sometimes called the "**Plan Rules**".

[Note: The Plan Documents will be released before the developer conveys to a buyer who is purchase an entire apartment.]

### E. Blanket Liens (to be released before the developer conveys to a buyer):

1. Leasehold Mortgage, Security Agreement and Financing Statement between Developer as Mortgagor and Ansley Associates, Inc., as Mortgagee dated September 12, 1997 and recorded September 22, 1997 as Document No. 97-127420.

(2) UCC-1 Financing Statement from Developer as Debtor, and Ansley Associates, Inc., as Creditor, recorded on September 22, 1997 as Document No. 97-127421.

**EXHIBIT "G"**  
**1/1/97 -- 12/31/97 BUDGET AND MAINTENANCE FEES**

**MAUNA LOA VILLAGE CONDOMINIUM**

**MAINTENANCE FEES:**

<u>Apt. Type</u>	<u>Phase 1 Apartment Nos.</u>	<u>Phase 2 Apartment Nos.</u>	<u>Monthly Fee</u> x 12	<u>Yearly Total</u>
A	1, 6, 21, 36, 51, 56 & 68.	83, 95, 107, 122 & 137.	\$306	\$3,672
B	2, 3, 4, 7, 8, 9, 22, 23, 24, 37, 38, 39, 52, 53, 54, 57, 58, 59, 69, 70 & 71.	84, 85, 86, 96, 97, 98, 108, 109, 110, 123, 124, 125, 138, 139 & 140.	\$306	\$3,672
C	5, 10, 25, 40, 55, 60 & 72.	87, 99, 111, 126 & 141.	\$338	\$4,056
D	11, 19, 26, 34, 41, 49, 61 & 66.		\$193	\$2,316
D		73, 81, 88, 93, 100, 105, 112, 120, 127 & 136.	\$207	\$2,484
E	12, 20, 27, 35, 42, 50, 62 & 67.	74, 82, 89, 94, 101, 106, 113, 121, 128 & 136.	\$207	\$2,484
F	63 and 65.		\$418	\$5,016

<u>Apt. Type</u>	<u>Phase 1 Apartment Nos.</u>	<u>Phase 2 Apartment Nos.</u>	<u>Monthly Fee</u> x 12	<u>Yearly Total</u>
F		90, 92, 102 & 104.	\$431	\$5,172
G	64.		\$496	\$5,952
G		91 & 103.	\$514	\$6,168
H	13, 17, 28, 32, 43 & 47.	75, 79, 114, 118, 129 & 133.	\$217	\$2,604
I	16, 31 & 46.	78, 117 & 132.	\$295	\$3,540
J	14, 18, 29, 33, 44 & 48.		\$203	\$2,436
J		76, 80, 115, 119, 130 & 134.	\$217	\$2,604
K	15, 30 & 45.		\$278	\$3,336
K		77, 116 & 131.	\$295	\$3,540

Note: The maintenance fees shown above do not include real property taxes or leases rents.

The undersigned as duly authorized agent for the Developer named in the Third Supplementary Condominium Public Report with respect to 25 Apartments in the Mauna Loa Condominium hereby states that:

(1) to the best of the Developer's knowledge: (a) the above maintenance fees and the attached budget were prepared by the present managing agent PAR Management, Inc. in accordance with generally accepted accounting principles; (b) in arriving at the figures for reserves stated in said budget, said managing agent has conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules as amended; and (c) said maintenance fees and budget have been adopted by the Board of Directors of the Condominium Association for the fiscal year 1997; and

(2) said managing agent is not affiliated with Developer and the Developer is not represented on said Board of Directors.

Dated: SEPTEMBER 26, 1997

Duly Authorized Signatory of Developer:

*Robert E. Wanner* as  
attorney for Joseph M. Przygodzinski

The Real Estate Commission has not reviewed the above stated maintenance fees or the attached budget, including reserve figures, for their accuracy or sufficiency or compliance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules as amended.

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				
<b>INCOME/EXPENSE</b>								
<b>INCOME</b>								
400-Maintenance Fees	99,646.19	393,633.61	43,726.06	37.113	446,366	600,000	40,167	
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	667	
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	
<b>TOTAL INCOME</b>	<b>99,839.04</b>	<b>423,301.76</b>	<b>47,033.53</b>	<b>40,563.00</b>	<b>486,756</b>	<b>598,000</b>	<b>49,833.33</b>	
<b>EXPENSES</b>								
<b>600-ADMINISTRATION</b>								
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	7,031.26	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	
650A-Insurance - Renewals 1/15/97	24,661.24	41,346.00	4,594.00	4,583	56,000	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	44.98	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	186.00	18.44	29	350	350	29	
<b>800-REPAIRS &amp; MAINTENANCE</b>								
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	6.75	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	
<b>830-PAYROLL</b>								
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	
<b>840-CONTRACT SERVICES</b>								
840A-Grounds, Contract	13,288.08	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	623.12	69.24	0	0	2,500	208	
840D-Pest Control	2,700.71	8,366.07	929.58	750	9,000	9,000	750	
840E-Pool Service	1,200.00	12,053.61	1,339.29	2,800	33,600	33,600	2,800	
840F-Refuse Disposal	3,449.08	8,736.36	970.71	333	3,998	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	
<b>850-SUPPLIES</b>								
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	



**EXHIBIT "H"**

**SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT**

This summary is with regard to the sale and closing of an entire Apartment. For information regarding the sale and closing of a time share interval, see the Developer's Time Share Disclosure Statement and the time share purchase contract and escrow agreement.

Generally speaking, the Sales Contract will contain the price and other terms and conditions on which the purchase will be made, and the Escrow Agreement states how each purchaser's fund will be handled and how the closing of his or her purchase will occur. Among other things, these documents state that:

1. The Sales Contract is not contingent on the purchaser's obtaining mortgage financing. If desired, each purchaser must obtain his or her own financing. But each purchaser must pay the purchase price in full on a date certain whether or not mortgage financing has been obtained, or the purchaser will be in default.

2. All of the purchaser's funds must be deposited with and held and handled by the Escrow. Interest earned on these funds, if any, will belong to the Developer. The purchaser must pay all closing costs.

3. Each purchaser has the rights to cancel and obtain a refund of his or her moneys as explained in this Report at Section V.B, page 18.

4. At closing, the Apartment will be conveyed to a purchaser by an Assignment of Lease recorded in the Bureau of Conveyances of the State of Hawaii, and must be free and clear of all encumbrances except as stated in Section E, page 15 of, and Exhibit "F" to, this Report. Among other things, this means that all blanket mortgages and other blanket liens must be released. Each purchaser will be provided with a title insurance policy to this effect.

5. Except for warranties of title contained in the Assignment of Lease, no warranties, express or implied, on the Apartment or the Condominium are given to a purchaser.

The Sales Contract and Escrow Agreement contain various other provisions which a purchaser should read carefully. These include provisions on how a purchaser's funds will be handled if he or she defaults and provisions for the protection of the Escrow.

**EXHIBIT "I"**

**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.