



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

CONDOMINIUM PUBLIC REPORT

on

WAIKOLOA HILLS CONDOMINIUM-PHASE 2  
 Paniolo Avenue  
 Waikoloa  
 County and State of Hawaii

Registration No. 1877

Issued: March 16, 1989  
 Expires: April 16, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of March 9, 1989 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

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

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.  
 (white)  
 Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_

SUPPLEMENTARY: Updates information contained in the  
 (pink)  
 Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated \_\_\_\_\_  
 Supp. Public Report dated \_\_\_\_\_  
 And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_  
 This report reactivates the \_\_\_\_\_  
 public report(s) which expired on \_\_\_\_\_

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required  Not Required -- disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

The Preliminary Public Report for this project was issued on October 2, 1987 and has been extended to May 2, 1989.

The Developer intends to develop this project pursuant to reserved rights set forth in Paragraph U of the recorded Declaration of Horizontal Property Regime of Waikoloa Hills Condominium-Phase 1 (see Exhibit G of this Report). Under these reserved rights Developer will file an amendment to the Declaration after the improvements of Phase 2 have been substantially completed so as to incorporate Phase 2 with Phase 1 into one condominium project. This will also mean readjusting the common interests appurtenant to each apartment according to the method set forth in Paragraph U of the Declaration.

**TABLE OF CONTENTS**

	page
Report Purpose .....	1
Type of Report .....	1
Summary of Changes from Earlier Public Reports .....	2
Table of Contents .....	3
General Information on Condominiums .....	4
Summary of the Condominium Project .....	5
I. PEOPLE CONNECTED WITH THE PROJECT .....	6
Developer	
Real Estate Sales Agent	
Escrow Company	
Managing Agent	
Attorney for Developer	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration .....	7
B. Condominium Map (File Plan) .....	7
C. Bylaws .....	7
D. House Rules .....	8
E. Changes to Condominium Documents .....	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer .....	9
B. Underlying Land .....	10
C. Buildings and Other Improvements .....	10
D. Common Elements, Limited Common Elements, Common Interest .....	14
E. Encumbrances Against Title .....	15
F. Management of the Common Elements .....	15
G. Maintenance Fees .....	16
H. Utility Charges .....	16
I. Construction Warranties .....	16
J. Status of Construction .....	17
K. Project Phases .....	17
L. Sales Documents Filed with the Real Estate Commission .....	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE .....	18
Buyer's Right to Cancel Sales Contract .....	19
Signature of Real Estate Commission Chairman .....	20
EXHIBIT A: Common Elements	
EXHIBIT B: Common Interests, Parking Stalls and Apartment Areas	
EXHIBIT C: Encumbrances Against Title	
EXHIBIT D: Estimate of Initial Maintenance Fees	
EXHIBIT E: Summary of Sales Contract	
EXHIBIT F: Summary of Escrow Agreement	
EXHIBIT G: Reserved Rights	
EXHIBIT H: Use Restrictions	
EXHIBIT I:	
EXHIBIT J:	

## GENERAL INFORMATION ON CONDOMINIUMS

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

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

Common elements are the areas of the condominium 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 they 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 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.

Some condominium projects are leasehold. This means that the land or the land, 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 owner/tenant) 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. The 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.

### 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 a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

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

**SUMMARY OF THE CONDOMINIUM PROJECT**

(cite to appropriate pages  
in text of report)

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

**Type of Project:**

1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
2.  Residential  Commercial  
 Mixed Residential and Commercial  
 Other \_\_\_\_\_
3.  High Rise (5 stories or more)  Low Rise
4.  Single or  Multiple Buildings

**5. Apartment Description**

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>A</u>	<u>18</u>	<u>2/2</u>	<u>922</u>	<u>234</u>
<u>B</u>	<u>18</u>	<u>2/2</u>	<u>1,100</u>	<u>174</u>
<u>C</u>	<u>18</u>	<u>2/2</u>	<u>1,157</u>	<u>133</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 54

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

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

**6. Parking:**

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>49</u>
Guest Stalls	<u>16</u>
Unassigned Stalls	<u>0</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: <u>Reserved Stalls</u>	<u>5</u> *These 5 stalls are located in Phase 1 but will be assigned to apartments in Phase 2.
Total Parking Stalls	<u>70</u>

**7. Recreational amenities:**

A one-story recreation building and recreational area, including a swimming pool.

I. PEOPLE CONNECTED WITH THE PROJECT

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

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

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

Real Estate Sales Agent: The Harris Company, Ltd. Phone: (808) 735-1891  
Name (Business)  
1109 Bethel Street, Suite 412  
Business Address  
Honolulu, Hawaii 96813

Escrow: Founders Title & Escrow Corporation Phone: (808) 531-0226  
Name (Business)  
900 Fort Street, Suite 1000  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: Certified Management Phone: (808) 836-0911  
Name (Business)  
3179 Koapaka Street  
Business Address  
Honolulu, Hawaii 96819-1927

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

II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

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

Amendment date(s) and recording/filing information:

Amendment dated May 15, 1987, recorded in Book 20730, Page 83  
Amendment dated November 19, 1987, recorded in Book 21411, Page 330  
Amendment dated January 6, 1989, recorded in Book 22756, Page 332  
Amendment dated January 6, 1989, recorded in Book 22785, Page 1

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

The Condominium Map for this condominium project is:

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

Amendment date(s) and recording/filing information:

(1) Amendment dated November 19, 1987, filed in the Bureau of Conveyances in Book 21411, Page 330; and (2) Condominium Map No. 1057 was amended by floor plans recorded on January 20, 1987 to describe the apartments in Phase 2.

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

The Bylaws for this condominium are:

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

Amendment date(s) and recording/filing information:

No amendment to the Bylaws is contemplated.

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

The House Rules for this condominium are:

Proposed       Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

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

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

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

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

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

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

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

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

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

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

Other:

For Subleaseholds:

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

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

B. Underlying Land:

Address: Paniolo Avenue  
Waikoloa, Hawaii Tax Map Key: (3) 6-8-003-006 (portion)  
(TMK)

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 3,471  square feet  acre(s) Zoning: RM-3

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

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

C. Buildings and Other Improvements:

1.  New Building(s)  Conversion of Existing Building(s)  
 Both New Building(s) and Conversion

2. Buildings: 10 Floors Per Building: 3 (except for the one-story  
Recreation Building)  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

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

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>54</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

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

Pets: See Exhibit H

Number of Occupants: \_\_\_\_\_

Other: See Exhibit H

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 54

Elevators 0                      Stairways Yes                      Trash Chutes 0

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A	18	2/2	922	234
B	18	2/2	1,100	174
C	18	2/2	1,157	133
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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

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

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

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

7. Parking Stalls:

Total Parking Stalls: 70

	<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 individual units)	<u>          </u>	<u>49</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>49</u>
Guest Unassigned	<u>          </u>	<u>16</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>16</u>
Extra Available for Purchase	<u>          </u>	<u>0</u>					
Other: Reserved Stalls	<u>          </u>	<u>5</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>0</u>
Total Covered & Open	<u>70</u>	<u>          </u>					

5\*These stalls are located in Phase 1 but will be assigned to apartments in Phase 2.

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

- Commercial parking garage permitted in condominium project.
- Exhibit B 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
- Recreation Area
- Tennis Court
- Other: \_\_\_\_\_
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

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

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

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

10. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<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 intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit   A   describes the common elements.

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

There are no limited common elements in this project.

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

described in Exhibit \_\_\_\_\_

as follows:

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

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

Exhibit   B   describes the common interests for each apartment.

as follows:

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

Exhibit C describes the encumbrances against the title contained in the title report dated February 10, 1989. The Developer represents that the report covers more than just Phase 2 area and that there have been no further encumbrances since that date.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
(1) Real Property Mortgage, Security Agreement & Financing Statement dated May 15, 1987 in favor of Federal Finance & Mortgage, Limited, recorded in Liber 20730, at Page 89	Buyer's interest can be terminated and deposit refunded, less costs
(2) Mortgage, Security Agreement & Financing Statement dated February 10, 1989, in favor of GECC Financial Corporation, recorded in Liber 22852, at Page 111	Buyer's interest can be terminated and deposit refunded, less costs

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

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

The initial managing agent for this condominium is:

[ x] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] other \_\_\_\_\_

G. Estimate of Initial Maintenance Fees:

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

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

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

H. Utility Charges for Apartments:

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

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

I. Construction Warranties:

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

1. Building and Other Improvements:

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

2. Appliances:

Warranties on appliances furnished with an apartment shall be assigned by the Developer and shall thereafter run in favor of the apartment purchaser directly from the manufacturer. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.

J. Status of Construction and Estimated Completion Date:

Construction is scheduled to commence in April, 1989, and the estimated date of completion would then be December, 1989.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:  
See Exhibit G regarding "Reserved Rights" which describes Developer's present plans regarding the development of Phase 2.

L. Sales Documents Filed with the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated January 19, 1989

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

Other \_\_\_\_\_

#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

##### 1. Membership in Waikoloa Village Association.

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

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

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

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

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

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

##### 2. The Commission has accepted a materialhouse bond in lieu of a bond from a third party bonded surety based on the lender's acceptance of such bond and provision in the escrow agreement that buyers' funds will not be released from escrow until the 46th day after the filing of a notice of completion, provided no liens have been filed.

**Buyer's Right to Cancel Sales Contract:**

**A. Rights Under the Condominium Statute:**

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

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

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

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

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

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

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

**B. Rights Under the Sales Contract:**

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

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

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

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

This Public Report is a part of Registration No. 1877 filed with the Real Estate Commission on August 19, 1987.

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

yellow paper stock

white paper stock

pink paper stock

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



---

GLORIA DAMRON, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

Bureau of Conveyances

Department of Finance, County of Hawaii

Planning Department, County of Hawaii

Federal Housing Administration

Escrow Agent

EXHIBIT A

Common Elements

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

Combined Schedule of Apartments and Common Interests  
of Waikoloa Hills Condominium, Phases 1 and 2

<u>Building No.</u>	<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Lanai Area</u>	<u>Parking Stall No.</u>	<u>Percentage Interest</u>
1	101	B	1100	174	1	1.33085
1	102	A	922	234	2	1.1155
1	103	A	922	234	24	1.1155
1	104	B	1100	174	23	1.33085
1	105	C	1157	133	3	1.3998
1	106	C	1157	133	4	1.3998
2	201	B	1100	174	5	1.33085
2	202	A	922	234	6	1.1155
2	203	A	922	234	7	1.1155
2	204	B	1100	174	8	1.33085
2	205	C	1157	133	9	1.3998
2	206	C	1157	133	10	1.3998
3	301	B	1100	174	11	1.33085
3	302	A	922	234	12	1.1155
3	303	A	922	234	13	1.1155
3	304	B	1100	174	14	1.33085
3	305	C	1157	133	15	1.3998
3	306	C	1157	133	16	1.3998
4	401	B	1100	174	19	1.33085
4	402	A	922	234	20	1.1155
4	403	A	922	234	21	1.1155
4	404	B	1100	174	22	1.33085
4	405	C	1157	133	17	1.3998
4	406	C	1157	133	18	1.3998
5	501	B	1100	174	26	1.33085
5	502	A	922	234	27	1.1155
5	503	A	922	234	28	1.1155
5	504	B	1100	174	29	1.33085
5	505	C	1157	133	25	1.3998
5	506	C	1157	133	30	1.3998
6	601	B	1100	174	42	1.33085
6	602	A	922	234	43	1.1155
6	603	A	922	234	44	1.1155
6	604	B	1100	174	45	1.33085
6	605	C	1157	133	41	1.3998
6	606	C	1157	133	46	1.3998
7	701	B	1100	174	47	1.33085
7	702	A	922	234	48	1.1155
7	703	A	922	234	49	1.1155
7	704	B	1100	174	50	1.33085
7	705	C	1157	133	51	1.3998
7	706	C	1157	133	52	1.3998

<u>Building No.</u>	<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Lanai Area</u>	<u>Parking Stall No.</u>	<u>Percentage Interest</u>
8	801	B	1100	174	53	1.33085
8	802	A	922	234	56	1.1155
8	803	A	922	234	57	1.1155
8	804	B	1100	174	58	1.33085
8	805	C	1157	133	54	1.3998
8	806	C	1157	133	55	1.3998
9	901	B	1100	174	59	1.33085
9	902	A	922	234	61	1.1155
9	903	A	922	234	62	1.1155
9	904	B	1100	174	63	1.33085
9	905	C	1157	133	60	1.3998
9	906	C	1157	133	64	1.3998
10	1001	B	1100	174	65	1.33085
10	1002	A	922	234	66	1.1155
10	1003	A	922	234	67	1.1155
10	1004	B	1100	174	68	1.33085
10	1005	C	1157	133	69	1.3998
10	1006	C	1157	133	70	1.3998
11	1101	B	1100	174	76	1.33085
11	1102	A	922	234	75	1.1155
11	1103	A	922	234	71	1.1155
11	1104	B	1100	174	72	1.33085
11	1105	C	1157	133	73	1.3998
11	1106	C	1157	133	74	1.3998
12	1201	B	1100	174	82	1.33085
12	1202	A	922	234	81	1.1155
12	1203	A	922	234	80	1.1155
12	1204	B	1100	174	79	1.33085
12	1205	C	1157	133	78	1.3998
12	1206	C	1157	133	77	1.3998
13	1301	B	1100	174	88	1.33085
13	1302	A	922	234	87	1.1155
13	1303	A	922	234	86	1.1155
13	1304	B	1100	174	85	1.33095
13	1305	C	1157	133	84	1.3998
13	1306	C	1157	133	83	1.3998
TOTALS:	78		82654	14066		100.00000

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

EXHIBIT C

Encumbrances

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Easement "S-3" (15 feet wide) for sanitary sewer purposes, as shown on File Plan 1188.

3. Reservations contained in Deed dated December 30, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19199, at Page 40, to-wit:

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

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

4. Declaration of Protective Covenants dated May 27, 1971, recorded in said Bureau in Liber 7577, at Page 66, as supplemented by instrument dated December 30, 1985, recorded in said Bureau in Liber 19199, at Page 37.

5. Restrictive Covenants and Conditions contained in Exhibit A to Deed dated December 30, 1985, recorded in said Bureau in Liber 19199, at Page 40.

6. Real property taxes as may be due and owing.

7. Declaration of Horizontal Property Regime of Waikoloa Hills Condominium-Phase 1 dated March 19, 1987, recorded in

said Bureau in Liber 20494, at Page 202, as amended by instruments dated May 15, 1987, recorded in said Bureau in Liber 20730, at Page 83, November 19, 1987, recorded in said Bureau in Liber 21411, at Page 330, January 6, 1989, recorded in said Bureau in Liber 22756, at Page 332, and January 6, 1989, recorded in said Bureau in Liber 22785, at Page 1.

8. Bylaws of the Association of Apartment Owners of Waikoloa Hills Condominium-Phase 1 dated March 19, 1987, recorded in said Bureau in Liber 20494, at Page 314.

9. Condominium Map 1057, as amended.

10. Real Property Mortgage, Security Agreement & Financing Statement dated May 15, 1987, in favor of Federal Finance & Mortgage, Limited, recorded in said Bureau in Liber 20730, at Page 89.

11. Financing Statement dated June 1, 1987, recorded in said Bureau in Liber 20730, at Page 120, in favor of Federal Finance & Mortgage, Limited.

12. Grant of Easement dated September 14, 1987 in favor of Hawaii Electric Light Company, Inc., recorded in said Bureau in Liber 21256, at Page 503.

13. Mortgage dated February 10, 1989, in favor of GECC Financial Corporation, recorded in said Bureau in Liber 22852, at Page 111.

14. Financing Statement dated February 10, 1989, recorded in said Bureau in Liber 22852, at Page 124, in favor of GECC Financial Corporation.

0159s

EXHIBIT  D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Type A	\$108.75	\$1,305.00
Type B	129.75	1,557.00
Type C	136.50	1,638.00

[ ] Revised on \_\_\_\_\_

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly</u> x 12 months =	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	450	5,400
<input type="checkbox"/> common elements and apartments		
Gas		
Refuse Collection	170	2,040
Telephone		
Water and Sewer	2,362	28,344
Maintenance, Repairs and Supplies		
Building		
Grounds	1,125	13,500
Management		
Management Fee	439	5,268
Payroll and Payroll Taxes		
<del>Office Expenses</del> Administrative	45	540
Other Professional Fees	56	672
Insurance	675	8,100
Reserves	1,417	17,004
Taxes and Government Assessments	11	132
Audit Fees		
Other		
TOTAL	\$6,750	\$81,000

I/We, WAIKOLOA HILLS ASSOCIATES, as ~~managing agents~~ <sup>Developer</sup> for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

WAIKOLOA HILLS ASSOCIATES  
 By Its General Partner:  
 CHANNING LTD.  
 By   
 Its President  
 Date: 3-13-89

EXHIBIT E

Summary of Sales Contract

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

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

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

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

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

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

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

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

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

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

EXHIBIT F

Summary of Escrow Agreement

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

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

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

## EXHIBIT G

### Reserved Rights

#### Reservation to Add Apartments

The Developer reserved in the Declaration for Waikoloa Hills Condominium-Phase 1 the right to develop this Phase 2 of the Waikoloa Hills Condominium, which was designated as "Phase 2" on Sheet "A-1" of Condominium Map No. 1057. The Developer has filed an amendment to the Declaration which establishes its intention to develop Phase 2. Under Paragraph U of the Declaration, the Developer plans to file an additional amendment to the Declaration after the improvements in Phase 2 have been substantially completed, which will describe the additional apartments and readjust the common interests of all apartments in the project generally in accordance with the method set forth in the Declaration as follows: the percentage common interest of each apartment in the amended project shall be determined by dividing the net living floor area in each apartment by the aggregate of the net living floor areas of all apartments in the amended project. Upon recording of said amendment, all apartments shall have the right to use the common elements of the combined Project to the same extent and subject to the same limitations as though the combined Project had been developed initially as one project.

Exhibit "B" of this Report sets forth the common interest of each apartment of the combined Project. The common interests of the apartments in Phase 1 will by necessity be decreased to those shown in Exhibit "B". The apartments in Phase 2 will not be conveyed until the two phases have been combined.

EXHIBIT H

Use Restrictions

The following excerpt from the Bylaws contains the restrictions on pets in the project:

"(i) No livestock, poultry or other animals whatsoever shall be allowed or kept in any part of the project, except that in each apartment the apartment owners may keep an unlimited number of fish confined in aquariums and two additional pets, consisting of any combination of dogs, cats or small birds, but not more than two such pets in the aggregate, subject to the following conditions: (1) such pets shall be confined to the respective apartment and yard of their owners; (2) they shall not be kept, bred or used therein for any commercial purpose; and (3) they shall not be allowed on any common elements except in transit when carried or, in the case of a dog, on leash; provided that their owners shall indemnify the Association and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of having any such pet or pets in the project (the young of such permitted animals are excluded from numerical limitations when under six (6) weeks of age). Pet owners shall be responsible for promptly cleaning up any waste or mess and keeping the project free of fleas, ticks and odors created by their pet or pets on the project. Any pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors."

The apartments may be occupied and used as residential dwellings by their respective owners, their tenants, families, domestic servants and guests, provided that owners shall have the absolute right to rent or lease their apartments for such durations of time as they shall deem appropriate, subject to all provisions of the Declaration and Bylaws.