



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

HALE KEHAU-PHASE 2
Keauhou Kona
Hawaii

Registration No. 1881

Issued: October 2, 1987
Expires: November 2, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 25, 19 87 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** (yellow) 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.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.
 - Supersedes all prior public reports
 - Must be read together with _____
- SUPPLEMENTARY:** (pink) Updates information contained in the
 - 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.

This is the Preliminary Public Report for Phase 2 of Hale Kehau. It covers 15 apartments which will be added to Hale Kehau-Phase 1, a project consisting of 14 apartments. Upon completion of construction of Phase 2, all of the apartments in both phases will be merged so that there will be only one horizontal property regime.

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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 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: A fee simple interest in an Apartment and its appurtenant common interest.

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
A	<u>10</u>	<u>3/2 1/2</u>	<u>2263</u>	<u>702</u>
B	<u>4</u>	<u>3/3</u>	<u>2215</u>	<u>702</u>
C	<u>1</u>	<u>3/3</u>	<u>2424</u>	<u>1638</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 15

*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>14</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	<u>0</u>
Other: <u>Garage Stalls for Apt. No. 100</u>	<u>2</u>
Total Parking Stalls	<u>16</u>
Assigned Golf Cart Stalls	14

7. Recreational amenities:

Recreational Building, including recreation room, jacuzzi and swimming pool, has been built as a part of Phase 1 of Hale Kehau. Buyers of apartments in Phase 2 will have the right to use these facilities with the owners of apartments in Phase 1.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Maryl Development, Inc. Phone: (808)329-0866
Name (Business)
P. O. Box 1928
Business Address
Kailua-Kona, Hawaii 96745-1928

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

Mark S. Richards President and Treasurer
Cheryl L. Richards Vice-President and Secretary

Real Estate Sales Agent: Jean Murphy, Broker Phone: (808)329-0866
Keauhou-Kona-Realty, Inc. (Business)
Name
P. O. Box 1990
Business Address
Kailua-Kona, Hawaii 96745-1990

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808)329-6666
Name (Business)
P. O. Box 1837
Business Address
Kailua-Kona, Hawaii 96745-1837

Managing Agent: Bill Ramsey, Inc.* Phone: (808)329-9561
Name (Business)
P. O. Box 3620
Business Address
Kailua-Kona, Hawaii 96745

Attorney for Developer: Ashford & Wriston
(Attention: Galen C. K. Leong)
Name
P. O. Box 131
Business Address
Honolulu, Hawaii 96810

*Bill Ramsey, Inc. is not a licensed condominium managing agent (CMA) and does not have the required bond as specified under Chapter 514A, Hawaii Revised Statutes. They will not be able to operate as a CMA until they are property licensed and registered with the Real Estate Commission.

**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 20959 Page 738
 Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

An amendment to the Declaration will be recorded pursuant to Paragraph U of the Declaration to incorporate Phase 2 into the existing condominium project. See Exhibit H.

- 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. 1077
 Filed – Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Additional plans may be recorded as an amendment to Condominium Map No. 1057 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 20959 Page 773
 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 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 VI, Section 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 H.

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: Keauhou Kona, Hawaii Tax Map Key: (3) 7-8-10-80
(TMK)

Address TMK is expected to change because _____

Land Area: 5.825 square feet acre(s) Zoning: RM 5.5

Fee Owner: Maryl Development, Inc.
name
P. O. Box 1928
address
Kailua-Kona, Hawaii 96745-1928

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: 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Masonry, Concrete Slabs, Glass and Shingles

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>15</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 G regarding Use Restrictions

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 15

Elevators 0 Stairways Interior Trash Chutes 0

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
<u>A</u>	<u>10</u>	<u>3/2 1/2</u>	<u>2263</u>	<u>702</u>
<u>B</u>	<u>4</u>	<u>3/3</u>	<u>2215</u>	<u>702</u>
<u>C</u>	<u>1</u>	<u>3/3</u>	<u>2424</u>	<u>1638</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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

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

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

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

7. Parking Stalls:

Total Parking Stalls: 16

	<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>16</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>16</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra Available for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>16</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u> </u>

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

Each apartment will have the exclusive use of 1 golf cart stall.

- [] Commercial parking garage permitted in condominium project.
- [] Exhibit contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- [x] There are no recreational or common facilities in this Phase 2, but the owners of apartments in Phase 2 will be allowed to use the recreational facilities in Phase 1.
- [x] Swimming pool in Phase 1 [] Storage Area
- [x] Recreation Area in Phase 1 [] Laundry Area
- [x] Tennis Court in Phase 1 [] Trash Chute
- [x] Other: The recreational facility in Phase 1 contains a recreation room, jacuzzi and swimming pool.

9. Present Condition of Improvements

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

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

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

Exhibit A describes the common elements.

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

[] There are no limited common elements in this project.

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

[] described in Exhibit _____

[x] as follows:

- (a) Each apartment shall have appurtenant thereto an exclusive right to use the covered parking stall assigned to such apartment in Exhibit B attached hereto.
- (b) Each apartment shall have appurtenant thereto an exclusive right to use the golf cart stall assigned to such apartment in Exhibit B attached hereto.

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.

[x] 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 August 18, 1987, by Title Guaranty of Hawaii, Inc.

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.

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.

Type of Lien

Effect on Buyer's Interest
If Developer Defaults

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:

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 checked="" 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 of the project will commence on September 1, 1987.
The estimated completion date is June 1, 1988.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

At the present time the Developer has under construction 14 apartments in Phase 1 of the project. Developer plans to proceed under reserved rights pursuant to Paragraph U of the Declaration of Horizontal Property Regime.

Note also Developer's right to withdraw land per Paragraph V of said Declaration. See Exhibit H for a summary of Developer's plans for future development.

L. Sales Documents Filed with the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated May 1, 1987

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

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.

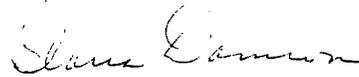
This Public Report is a part of Registration No. 1881 filed with the Real Estate Commission on September 1, 1987.

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

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

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



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 in fee simple;
- (b) All foundations, floor slabs, columns, supports, unfinished perimeter walls and load-bearing walls, roofs, retaining walls and fences;
- (c) All pipes, wires, conduits or other utility or service lines running through one apartment which are utilized for or serve more than one apartment, any central facilities and any other appurtenant installations for utility and other common services, such as power, light, gas, water, telephone and refuse;
- (d) All grounds and landscaping, roads, walkways, driveways, refuse facilities, parking structures and recreational facilities, including recreation room, jacuzzi and swimming pool;
- (e) All other apparatus and installations existing for common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

Schedule of Common Interests and Stall Assignments
After the addition of Phase 2 to Phase 1

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%.

PHASE 1

<u>Unit No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Lanai Area</u>	<u>Parking Stall No.</u>	<u>Golf Cart Stall No.</u>	<u>Percentage Interest</u>
101	A	2263	702	1	101	3.42
102	A	2263	702	2	102	3.42
103	A	2263	702	3	103	3.42
104	A	2263	702	4	104	3.42
105	A	2263	702	5	105	3.42
106	A	2263	702	6	106	3.42
107	B	2215	702	22	107	3.365
108	B	2215	702	23	108	3.365
109	A	2263	702	24	109	3.42
110	A	2263	702	25	110	3.42
201	A	2263	702	7	201	3.42
202	A	2263	702	8	202	3.42
203	B	2215	702	26	203	3.365
204	B	2215	702	27	204	3.365

PHASE 2

<u>Unit No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Lanai Area</u>	<u>Parking Stall No.</u>	<u>Golf Cart Stall No.</u>	<u>Percentage Interest</u>
205	B	2215	702	28	205	3.365
206	B	2215	702	29	206	3.365
207	B	2215	702	30	207	3.365
208	B	2215	702	31	208	3.365
209	A	2263	702	32	209	3.42
210	A	2263	702	33	210	3.42
301	A	2263	702	34	301	3.42
302	A	2263	702	35	302	3.42
303	A	2263	702	36	303	3.42
304	A	2263	702	37	304	3.42
305	A	2263	702	38	305	3.42
306	A	2263	702	39	306	3.42
307	A	2263	702	40	307	3.42
308	A	2263	702	41	308	3.42
100	C	2424	1638	-	-	4.68

Note: All assigned parking stalls are covered. Apt. No. 100 has a 2-car garage which is comprised within the apartment. There are an additional 28 uncovered unassigned parking stalls.

EXHIBIT C

Encumbrances Against Title

The land consists of two parcels containing approximately 5.825 acres. Parcel First is Lot Number 5 of the Keauhou Kona Resort, Phase II Subdivision, containing 4.585 acres, more or less. Parcel Second is a part of original Land Commission Award Number 11046 to Molale, containing an area of 1.24 acres, more or less.

1. Parcel First is subject to the reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Parcel Second is subject to issuance of a Patent on Land Commission Award 11046 to Molale.

3. Parcels First and Second are subject to Grant of View Plane Easement and Covenants dated April 29, 1986, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19501, at Page 13 (Kamehameha Investment Corporation and Keauhou Kona Resort Company grant a view plane easement over Lot 5 (area 1.508 acres) to Richard M. Frazier and Nancy B. Frazier, Co-Trustees of the Richard M. Frazier and Nancy B. Frazier Joint Revocable Trust dated July 29, 1985, a Short Form Trust dated July 29, 1985 having been recorded in said Bureau in Liber 18865, at Page 382.)

4. For real property taxes due and payable, reference is made to Director of Finance, County of Hawaii.

NOTE: The above Title Report Status has been issued by Title Guaranty of Hawaii, Inc. as of August 18, 1987.

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	3.420%	\$299	\$3,588
Type B	3.365%	\$294	\$3,528
Type C	4.680%	\$409	\$4,908

[] 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: Phase II Merged

Monthly x 12 months = Yearly

Utilities and Services

Pest Control	83	1,000
Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	1,600	19,200
<input type="checkbox"/> common elements and apartments		
TV Signal (no movie channel)	290	3,480
Refuse Collection	300	3,600
Telephone	30	360
Water	575	6,900
Sewer	580	6,960

Maintenance, Repairs

Building	50	600
Other Equipment	20	240

Management

Management Fee	500	6,000
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Insurance (\$5 million fire, \$1 million liability, \$3 million umbrella)	1,550	18,600
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Reserves	938	11,250
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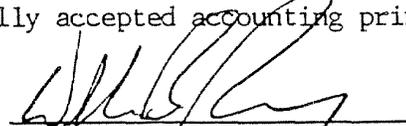
Taxes and Government Assesments

Other

Supplies		
Grounds	250	3,000
Pool	100	1,200
Electrical, lighting, building, other	100	1,200
Contracted/Services		
Pool Service	200	2,400
Gardening/Janitorial	<u>1,600</u>	<u>19,200</u>

TOTAL	8,736	104,830
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I WILLIAM B. RAMSEY, CPM, President of Bill Ramsey, Inc., Managing Agent of the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Date: June 3, 1987

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 will receive any interest earned 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 that Developer will pay all closing costs, except those related to a purchaser's mortgage loan.

(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

Use Restrictions Regarding Pets

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."

Reserved Rights

Reservation to Add Apartments

The Developer reserved in the Declaration for Hale Kehau-Phase 1 the right to develop this Phase 2 of Hale Kehau, which was designated as "Phase 2" on Sheet "A-1" of Condominium Map No. 1077. Under Paragraph U of the Declaration, the Developer plans to file an amendment to the Declaration which will describe the additional apartments and readjust the common interests of all apartments in the project generally in accordance with the method set forth in the Declaration as follows: the percentage common interest of each apartment in the amended project shall be determined by dividing the net living floor area in each apartment by the aggregate of the net living floor areas of all apartments in the amended project. 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.

Reservation to Withdraw Land or Develop in Phases

The Developer has also, however, reserved the right at its sole discretion under Paragraph V of the Declaration, at any time prior to seven (7) years from the date of recordation of the Declaration, unless such time is extended by a vote of 75% of the apartment owners in the Project, to subdivide the land covered by the Declaration, which includes the land in this Phase 2, so that the portion of the land together with the improvements located therein, which is designated on Sheet "A-1" of Condominium Map No. 1077 as "Phase 1" is constituted as a separate lot and the remaining portions of said land may be subdivided into as many separate lots as Developer may in its sole discretion determine. Thereafter, Developer may develop said separate lots as separate phases of a multi-phase project as described in Paragraph W of the Declaration or Developer may withdraw any of said separate lots from any further involvement with Hale Kehau-Phase 1. If Developer exercises its option to develop any of the separate lots created under Paragraph V of the Declaration, Developer shall have the right to provide for a merger of all phases so as to permit the joint use of the common elements of each project by all of the owners of the apartments in the merged projects, the administration of all projects under a single association of apartment owners and board of directors for the merged projects and for a sharing of the common expenses of all projects among all of the owners of apartments in the merged projects, all as if the phases merged had been developed as a single project.

AT THIS TIME, THE DEVELOPER DOES NOT INTEND TO EXERCISE THE OPTIONS CONTAINED IN PARAGRAPHS V AND W OF THE DECLARATION.