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

CONDOMINIUM PUBLIC REPORT

KAULANA AT KONA
Kailua-Kona, Hawaii

Registration No. 2283

Issued: July 19, 1991
Expires: August 19, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 9, 19 91, 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.
[ ] No prior reports have been issued
[ ] Supersedes all prior public reports
[ ] Must be read together with _____

X **SUPPLEMENTARY:** *(pink)* — Updates information contained in the
[ ] Prelim. Public Report dated _____
[X] Final Public Report dated February 12, 1991
[ ] Supp. Public Report dated _____

And [ ] Supersedes all prior public reports
[X] Must be read together with the Final Public Report dated February 12, 1991
[ ] This report reactivates the _____ public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required [ ] Not Required - disclosures covered in this report.

Summary of Changes from Ea[illegible] Public Reports:

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

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

[x] Changes made are as follows:

1. Page 2A, Additional Disclosures: This page has been amended by deleting reference to the maintenance fees.

2. Page 5, Summary of the Condominium Project, Item No. 5 Apartment Description: The net living area and the area of the lanai/patio for Type D apartments has been revised from 1,048.24 square feet and 168 square feet, respectively, to 1,096.00 square feet and 170 square feet, respectively. The number of bedrooms for Type F apartments has been changed from two to three.

3. Page 7, Section II, Creation of the Condominium, Item A, Declaration: This item has been revised to reflect an amendment to the Declaration.

4. Page 11, Section III, The Condominium Project, Item No. 6, Interior: Revisions same as revisions to page 5 noted above.

5. Exhibit "D", Common Interest: This exhibit has been amended to reflect that the common interest applicable to Type A apartments has been revised from 2.2729% to 2.27285%.

6. Exhibit "F", Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements: This exhibit has been amended to reflect revised estimated initial maintenance fees for the apartments. The revisions include, among others, the deletion of the estimated expenses of security, the reduction of certain other estimated expenses and the addition of new estimated expenses under the category labelled "other". In addition, it should be noted that there will be no subsidy of the estimated maintenance fees by the developer.

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Managing Agent
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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 *"Condominium Property Act"* (Chapter 514A, Hawaii Revised Statutes) must be followed.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment 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.

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.

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

Interest to be Conveyed to Buyer:

[X] Fee simple interest in an apartment and an undivided feehold interest in the common elements.
[ ] Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
[ ] Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. [X] New Building(s) [ ] Conversion
   [ ] Both New Building(s) and Conversion

2. [X] Residential [ ] Commercial [ ] Ohana
   [ ] Mixed Residential and Commercial [ ] Agricultural
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	8	3/2½	1,797.50	200
~~B~~	~~2~~	~~3/2~~	~~1,781.14~~	~~272~~
~~C~~	~~12~~	~~2/2½~~	~~1,579.62~~	~~180.5~~
D	2	2/2	1,096.00	170
E	4	3/2½	1,859.41	200
~~F~~	~~4~~	~~3/2~~	~~1,532.45~~	~~272~~
G	8	3/2	1,837.83	142
H	4	2/2	1,205.56	160

Total Apartments: 44

**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:

	Number of Stalls
Assigned Stalls (Individual Units)	44
Guest Stalls	17
Unassigned Stalls	0
Extra Stalls Available for Purchase	0
Other: Recreation Bldg.	43
Total Parking Stalls	104

7. Recreational amenities: Recreation/Comminity Building contains library, lounge, meeting rooms, all-purpose rooms, kitchen, exercise room, aerobics room, pool room, wood shop, hobby room, T.V. room and locker rooms. Recreation area contains swimming pool, spa and tennis courts.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Keauhou Kona Associates
Name
Phone: (808)322-9388
(Business)

Post Office Box 390687
Business Address

Kailua-Kona, Hawaii 96739

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

University-Redmond Corporation

Keauhou Kona Resort Co.

Real Estate Broker: Keauhou-Kona Realty
Name
Phone: (808)322-3101
(Business)

76-6831 Alii Drive, Suite 109
Business Address

Kailua-Kona, Hawaii 96740

Escrow: Title Guaranty Escrow Services, Inc.
Name
Phone: (808)521-0211
(Business)

235 Queen Street
Business Address

Honolulu, Hawaii 96813

General Contractor: Keauhou Kona Resort Company
Name
Phone: (808)322-2708
(Business)

Post Office Box 5685
Business Address

Kailua-Kona, Hawaii 96745

Condominium Managing Agent: Chaney, Brooks & Company
Name
Phone: (808)329-3121
(Business)

75-5706 Hanama Place, Suite 202
Business Address

Kailua-Kona, Hawaii 96740

Attorney for Developer: Menezes Tsukazaki Yeh & Moore
Name
Phone: (808)961-0055
(Business)

100 Pauahi Street, Suite 204
Business Address

Hilo, Hawaii 96720

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 o Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartmen Owners.

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances - Document No. 90-184067
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

Amendment to Declaration, dated June 4, 1991,
recorded at Bureau of Conveyances as Document No. 91-075635.

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
[X] Recorded - Bureau of Conveyance Condo Map No. 1418
[ ] Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

None

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
[X] Recorded - Bureau of Conveyances - Document No. 90-184068
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

None

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.

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:

[X] Proposed [ ] Adopted [ ] Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	Majority of Board

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

2. Developer:

[ ] No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

[X] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules

Amendment of Declaration and Condominium Map

The developer may amend the Declaration and Condominium Map to reassign the limited common element parking stalls, to make all amendments necessary in the event that additional phases or apartments are developed (including an amendment of the percentage common interest of each apartment) and to make all amendments as required by law, the Real Estate Commission, the title insurance company or the project's lender.

Bylaws

The Developer may amend the Bylaws to make all amendments necessary in the event that additional phases or apartments are developed and to make all amendments as required by law, the Real Estate Commission, the title insurance company or the project's lender.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes 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 regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

[ ] Individual Apartments in Fee Simple Common Interest in the 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 regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

[ ] Other:

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: Kailua-Kona, Hawaii Tax Map Key: (3) 7-8-10:Por.78 (TMK)

[X] Address [X] TMK is expected to change because TMK parcel was recently subdivided; address not yet assigned by County of Hawaii

Land Area: 5.750 acres [ ] square feet [X] acre(s) Zoning: RM-3

Fee Owner: Keauhou-Kona Associates
Name

Post Office Box 390687
Address

Kailua-Kona, Hawaii 96739

Sublessor: None
Name

Address

C **Buildings and Other Improvements:**

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

2. Buildings: 5 Residential; 1 Recreational Floors Per Building 2 and 4
[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[X] Concrete [X] Hollow Tile [ ] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
[ ] Commercial			[ ] Industrial		
[X] Residential	44	Multiple family (RM-3)	[ ] Agricultural		
[ ] Timeshare/Hotel			[ ] Recreational		
[ ] Other:					

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?
[X] Yes [ ] No

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:

[X] Pets: Household pets such as dogs and cats are allowed in reasonable numbers.
[X] Number of Occupants: Type A, B, E and F apartments -- maximum of 6 occupants; Type C, D, G and H apartments -- maximum of 4 occupants.
[X] Other: Project is intended and shall be operated for occupancy by at least one per fifty-five years of age or older per apartment, subject to exception stated in Declaration.
[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators One - Bldg. A Stairways Bldg. 1, 2 & 3 and Bldg. A - two for each bldg. Trash Chutes None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	8	3/2½	1,797.5	200
B	2	3/2	1,781.14	272
~~C~~	~~12~~	~~2/2½~~	~~1,579.62~~	~~180.5~~
D	2	2/2	1,096.00	170
E	4	3/2½	1,859.41	200
~~F~~	~~4~~	~~3/2~~	~~1,532.15~~	~~272~~
G	8	3/2	1,837.83	142
H	4	2/2	1,205.56	160

Total Apartments: 44

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

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

Boundaries of Each Apartment:

The boundaries of each apartment are its perimeter walls, floor and ceiling, including any appurtenant lanai space.

Permitted Alterations to Apartments:

Alterations to an apartment are permitted upon obtaining the consents required by the Declaration.

7. Parking Stalls:

Total Parking Stalls: 104

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)	44	0					44
Guest	0	17					17
Unassigned	0	0					0
Extra Available for Purchase	0	0					0
Other:	0	43					43
Total Covered & Open	104		0		0		

Each apartment will have the exclusive use of at least one 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. N/A

[X] Exhibit "A" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[X] Swimming pool

[X] Recreation Area (see "Other")

[X] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[X] Other: Library, lounge, meeting rooms, all-purpose rooms, kitchen, exercise room, aerobics room, pool room, wood shop, hobby room, T.V. room, locker and spa.

9. Present Condition of Improvements

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

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

N/A

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

N/A

10. Conformance to Present Zoning Code

a. [X] 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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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.

[X] Exhibit "B" describes the common elements.

[ ] As follows:

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

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

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

[X] described in Exhibit "C"

[ ] as follows:

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 "D" 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 "E" describes the encumbrances against the title contained in the title report dated July 2, 1990 and issued by Ticor Title Insurance Company of California and the Preliminary Report, dated December 4, 1990, and issued 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.

[X] 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
N/A	

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.

[ ] self-managed by the Association of Apartment Owners.

[ ] 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 "F" 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:

[ ] Not applicable

[ ] Electricity [X] Television Cable

[ ] Gas [X] Water & Sewer

[ ] 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:

One year from completion of construction.

2. Appliances:

One year from completion of construction.

J. **Status of Construction and Estimated Completion Date:**

Project is presently under construction.
Estimated completion date is July 19, 1991.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

This project comprises the first phase of 44 apartments of Kaulana at Kona. The Developer intends to develop up to 218 additional apartments over several phases. The recreation/ community building, to be constructed during the first phase, will be a common element appurtenant to all apartments developed in all phases.

The future phases will be developed on additional land by one of the following procedures:

1. The lot on which the first phase is located will be consolidated with abutting land, creating a larger lot. An additional phase will then be constructed on the undeveloped portion of the larger lot. The same procedure will be followed for future phases.

2. Future phases will be developed on separate lots abutting the first phase lot. Each succeeding phase will be merged with the prior phase or phases.

L. **Sales Documents Filed With the Real Estate Commission:**

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit "G" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated July 16, 1990 and amended November 28, 1990.

Exhibit "H" contains a summary of the pertinent provisions of the escrow contract.

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

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

Final Report, 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 Condominium 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, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2283 filed with the Real Estate Commission c August 6, 1990.

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 (1 months from the date of issuance unless a Supplementary Public Report is issued or unless the Commissic issues an order extending the effective period for the report.

PETER N. YANAGAWA, 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

KAULANA AT KONA

Exhibit "A"

Parking Stalls

One covered standard-sized parking stall is appurtenant and assigned to each apartment, except apartment no. A-106 which is assigned a covered handicap stall, as a limited common element. The parking stalls assigned to individual apartments are as follows:

Apartment No.	Stall No.	Apartment No.	Stall No.
A-101	1	A-PH-1	25
A-102	2	A-PH-2	24
A-103	3	A-PH-3	23
A-104	4	A-PH-4	22
A-105	18	A-PH-5	37
A-106	9	A-PH-6	36
A-107	19	A-PH-7	35
A-108	20	A-PH-8	34
A-201	5	1-A	45
A-202	6	1-B	44
A-203	7	1-C	43
A-204	8	1-D	42
A-205	38		
A-206	39		
A-207	40	2-A	47
A-208	41	2-B	49
		2-C	46
		2-D	48
A-301	10		
A-302	11		
A-303	12	3-A	51
A-304	13	3-B	55
A-305	14	3-C	50
A-306	15	3-D	54
A-307	16		
A-308	17		

End of Exhibit "A"

KAULANA AT KONA

Exhibit "B"

Common Elements

The common elements of Kaulana at Kona are described as follows:

1. The real property in fee simple.

2. All foundations, floor supports, columns, girders, beams, supports, balconies, stairways, elevator, roof, unfinished perimeter, party and load-bearing walls, entries, entrances and exits of the buildings.

3. All yards, grounds and landscaping, roads, walkways, parking areas, loading areas, driveways, recreational/ community building and other recreational facilities, trash enclosures, and mailboxes.

4. All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

5. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

End of Exhibit "B"

KAULANA AT KONA

Exhibit "C"

Limited Common Elements

The limited common elements and the easements appurtenant to, and to which each apartment at Kaulana at Kona is subject, are as follows:

Limited Common Elements. Certain parts of the common elements, (the "limited common elements"), are reserved for the exclusive use of certain apartments and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

1. There will be one hundred and four (104) parking stalls located in the Project, numbered as shown on the Condominium Map and in Exhibit "B" to the Declaration of Condominium Property Regime. Of these 104 stalls, one covered parking stall for each apartment, all as shown on the Condominium Map and in said Exhibit "B", shall be a limited common element appurtenant to and reserved for the exclusive use of the designated apartment.

2. There will be forty-four (44) mailboxes located in the Project, numbered identically with the apartment numbers. The mailbox bearing the same number as the apartment number shall be a limited common element appurtenant to and reserved for the exclusive use of the designated apartment.

Other Easements. In addition to the exclusive easements established in the limited common elements, the apartments shall also have and be subject to the following easements:

1. Each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purpose for ingress to, egress from, utility services for and support of such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as herein provided and in all other apartments of its building for support.

2. In the event any portion of the common elements or limited common elements encroaches upon any apartment or limited common element or any apartment encroaches upon any portion of the common elements or limited common elements of another apartment as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists. In the event any buildings of the Project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements due to construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist.

3. The Association of Apartment Owners, (the "Association"), shall have the right, to be exercised by its Board of Directors (the "Board"), or the managing agent, to enter each apartment and the limited common elements from time to time during reasonable hours as may be necessary for the operation of the Project or for making emergency repairs therein necessary to prevent damage to any apartments or common elements.

4. The exception and reservation unto the Developer, its successors and assigns, and the Association, of easements for electrical, gas, communications and other utility purposes and for sewer, drainage and water facilities over, under, along, across and through the real property, together with the right to grant to the State of Hawaii, County of Hawaii, Department of Water Supply or any other appropriate governmental agency or public utility, or to any individual, corporation or association, easements for such purposes over, under, across, along and through the real property under the usual terms and conditions required by the grantee for such easement rights; provided, however, that such easement rights must be exercised in such manner as shall not unreasonably interfere with the use of the real property by the owners of the apartments ("apartment owner"), their successors and assigns, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements, the real property shall be promptly restored by and at the expense of the person owning and exercising such easement rights to the condition of the real property immediately prior to the exercise thereof, and each apartment owner, by purchasing an apartment in this Project, agrees that such apartment owner and any person claiming an interest in the real property by, through or under such apartment owner will, upon request, join in and execute any and all documents designating and granting any such easements.

5. If any additional condominium projects are developed in accordance with the provisions of this Declaration and are merged with this Project as provided for in this

Declaration, each apartment and each apartment owner in this Project shall have a perpetual easement in the common elements of such other condominium projects and each apartment and each apartment owner in such other condominium projects shall have a perpetual easement in the common elements of this Project for the following reciprocal purposes: (a) to maintain, use, repair and replace all existing storm sewerage systems and walkways and roadways used by the owners in the condominium projects as ingress or egress to their property; (b) for the underground installation maintenance, use and repair of any pipes, cables or other conduits for liquids or energy supplying water, sewerage, telephone, radio, television, electricity, heat or other similar services to the condominium projects; subject, however, to the provision that where the work to be done is not a repair or replacement of any existing facility it shall be done only with the written permission of the Association; and (c) to use and maintain the recreation/community building, tennis courts, swimming pool, spa, other recreational facilities, refuse facilities, maintenance buildings and the resident manager's apartment, if any, in accordance with their intended purposes.

6. Developer shall have the right to conduct extensive sales activities on the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities until the earlier to occur of (a) eighteen (18) months from the date of the recording in the Bureau of Conveyances of the first apartment deed or (b) the closing of the sale of the last unsold apartment in the Project. In the event that Developer is unable to sell all of the apartments within the eighteen (18) month period, Developer shall have the right to conduct sales activities on the Project until the closing of the sale of the last unsold apartment in the Project provided that such sales activities are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Project by the other apartment owners. In the event that Developer's mortgage lender or any successor to or assignee of Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns, shall have the right to conduct such extensive sales activities on the Project until all of the apartments have been sold and recorded, notwithstanding the foregoing.

7. Each apartment shall be subject to an easement in favor of the owners of all other apartments for access to any common elements located in such apartment.

End of Exhibit "C"

KAULANA AT KONA

Exhibit "D"

Common Interest

Each apartment at Kaulana at Kona shall have appurtenant thereto an undivided percentage interest in all common elements of the Project, as follows:

1. Each Type A apartment shall have appurtenant thereto an undivided 2.27285 percentage interest in all of the common elements of the Project.

2. Each Type B, Type C, Type D, Type E, Type F, Type G and Type H apartment shall have appurtenant thereto an undivided 2.27270 percentage interest in all of the common elements of the Project.

Such interests are defined and referred to herein as the "common interest". Each apartment shall have the same proportionate share as its common interest in all common profits and expenses of the Project and for all other purposes, including voting.

It is Developer's intention to apportion the common interest among the forty-four (44) apartments at Kaulana at Kona in as nearly an equal percentage as possible. However, the eight (8) Type A apartments have a 0.00015% greater common interest in order to ensure that the total common interest of all apartments is 100%.

Apt. No.	Apt. Type	Percentage Interest	Apt. No.	Apt. Type	Percentage Interest	Apt. No.	Apt. Type	Percentage Interest
A-101	C	2.27270	A-301	C	2.27270	1-A	C	2.27270
A-102	E	2.27270	A-302	E	2.27270	1-B	D	2.27270
A-103	F	2.27270	A-303	F	2.27270	1-C	C	2.27270
A-104	G	2.27270	A-304	G	2.27270	1-D	D	2.27270
A-105	A	2.27285	A-305	A	2.27285			
A-106	H	2.27270	A-306	H	2.27270			
A-107	G	2.27270	A-307	G	2.27270	2-A	C	2.27270
A-108	C	2.27270	A-308	C	2.27270	2-B	A	2.27285
						2-C	C	2.27270
A-201	C	2.27270	A-PH-1	C	2.27270	2-D	A	2.27285
A-202	E	2.27270	A-PH-2	E	2.27270			
A-203	F	2.27270	A-PH-3	F	2.27270			
A-204	G	2.27270	A-PH-4	G	2.27270	3-A	B	2.27270
A-205	A	2.27285	A-PH-5	A	2.27285	3-B	A	2.27285
A-206	H	2.27270	A-PH-6	H	2.27270	3-C	B	2.27270
A-207	G	2.27270	A-PH-7	G	2.27270	3-D	A	2.27285
A-208	C	2.27270	A-PH-8	C	2.27270			

End of Exhibit "D"

KAULANA AT KONA

Exhibit "E"

Encumbrances Against Title

The land on which Kaulana at Kona will be developed is subject to the following encumbrances:

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

2. A 10 foot wide no access planting screen line along Alii Highway and Kamehameha III Road as shown on map dated September 17, 1987 prepared by Robert W. Cunningham, Registered Professional Land Surveyor.

3. Parcels 32 and 33 for electrical purposes as shown on map dated September 17, 1987 prepared by Robert W. Cunningham, Registered Professional Land Surveyor.

4. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and HAWAIIAN TELEPHONE COMPANY, now known as GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, dated October 19, 1971, recorded in Liber 9061 at Page 344, as amended by instrument dated January 31, 1973, recorded in Liber 10086 at Page 466; granting a perpetual right and easement to build, construct, rebuild, reconstruct, maintain, operate and repair pole and wire lines etc., for the transmission and distribution of electricity along the new Kamehameha III Road along, across, over, through and under Parcel 32 and Parcel 33.

5. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC., dated October 22, 1974, recorded in Liber 10233 at page 500; granting a perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate pole and wire lines etc. over, under, across and through Lot 3, said easement being Electric Pole Line Easement "1" and Anchor Easement "2".

6. Electrical Pole Line Easement "1" and Anchor Easements "2" and "3" as shown on map dated September 17, 1987 prepared by Robert W. Cunningham, Registered Professional Land Surveyor.

7. Easement "19" for landscaping purposes (6437 square feet), as shown on map dated September 17, 1987 prepared by Robert W. Cunningham, Registered Professional Land Surveyor, and more particularly described in Exhibit "A-1" attached hereto.

8. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, dated January 3, 1989, recorded in Liber 22964 at Page 388; granting a perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate underground lines and transformer vaults for the transmission and distribution of electricity over and across Easements "E-1" and "E-2"; said easements more particularly described in Exhibit "B" attached hereto.

9. Easement "R-1" for road and utility purposes (16,415 square feet) as shown on map dated September 17, 1987 prepared by Robert W. Cunningham, Registered Professional Land Surveyor, and more particularly described in Exhibit "C" attached hereto.

10. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, dated January 3, 1989, recorded in Liber 22964 at Page 388; granting a perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate underground lines and transformer vaults for the transmission and distribution of electricity over and across Easement "R-1".

11. Grant in favor of WATER COMMISSION OF THE COUNTY OF HAWAII, dated December 29, 1988, recorded in Liber 22755 at Page 45; granting a perpetual easement to maintain, operate, repair, remove and replace any and all pipes or other structures in, over and across Easement "R-1".

12. Grant in favor of AMERICAN CABLE TV INVESTORS 4, LTD., a Colorado limited partnership, dated August 29, 1989, recorded in Liber 23845 at Page 25; granting an easement to construct, maintain and operate cable television equipment and facilities.

13. Unrecorded LAND ACQUISITION AGREEMENT dated February 23, 1989, of which a SHORT FORM MEMORANDUM OF AGREEMENT is dated February 23, 1989, recorded in Liber 23510 at Page 8, by and between KAMEHAMEHA INVESTMENT CORPORATION, a Hawaii corporation, and KEAUHOU KONA RESORT COMPANY, a Hawaii registered joint venture, Seller, and KEAUHOU KONA ASSOCIATES, a Hawaii general partnership, Purchaser.

14. Those certain access restrictions as follows:

    a. Access points to Kaluna Street shall be provided for both Lot 2-A-1 and Lot 3-C-1, as such lots are depicted on the approved final plat map in Subdivision No. 89-61, County of Hawaii.

    b. This provision for access to Kaluna Street shall be a requirement of occupancy of both said lots and shall be recorded with each respective deed relating to said lots.

    c. Said access points shall be constructed before each respective lot is occupied.

15. Kaulana at Kona Declaration of Condominium Property Regime under the Condominium Property Act, recorded at the Bureau of Conveyances of the State of Hawaii on December 3, 1990 as Document No. 90-184067, and By-Laws of the Association of Apartment Owners of Kaulana at Kona, recorded at said Bureau on December 3, 1990 as Document No. 90-184068.

End of Exhibit "E"

KAULANA AT KONA

EXHIBIT "F"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment		Monthly Fee x 12 =	Yearly Total
2.27270%	(36 units)	$325.00	$3,900.00
2.27285%	(8 units)	$325.02	$3,900.24

Apt. No.	Percentage Interest	Apt. No.	Percentage Interest	Apt. No.	Percentage Interest
A-101	2.27270	A-301	2.27270	1-A	2.27270
A-102	2.27270	A-302	2.27270	1-B	2.27270
A-103	2.27270	A-303	2.27270	1-C	2.27270
A-104	2.27270	A-304	2.27270	1-D	2.27270
A-105	2.27285	A-305	2.27285		
A-106	2.27270	A-306	2.27270		
A-107	2.27270	A-307	2.27270	2-A	2.27270
A-108	2.27270	A-308	2.27270	2-B	2.27285
				2-C	2.27270
A-201	2.27270	A-PH-1	2.27270	2-D	2.27285
A-202	2.27270	A-PH-2	2.27270		
A-203	2.27270	A-PH-3	2.27270		
A-204	2.27270	A-PH-4	2.27270	3-A	2.27270
A-205	2.27285	A-PH-5	2.27285	3-B	2.27285
A-206	2.27270	A-PH-6	2.27270	3-C	2.27270
A-207	2.27270	A-PH-7	2.27270	3-D	2.27285
A-208	2.27270	A-PH-8	2.27270		

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

KAULANA AT KONA

Estimate of Maintenance Fee Disbursements:

	Monthly	x 12 =	Yearly Total
Utilities and Services			
Cable	$ 880		$ 10,560
Electricity			
[X] Common Elements	500		6,000
Refuse Collection	85		1,020
Telephone	150		1,800
Water and Sewer	1,320		15,840
Maintenance, Repairs and Supplies			
Building	800		9,600
Grounds	275		3,300
Management			
Management Fee	1,157		13,884
Payroll and Payroll Taxes	4,435		53,220
Office Expenses	50		600
Insurance			
Building	835		10,020
Workers' Compensation	264		3,168
Auto	200		2,400
Reserves	840		10,080
Taxes and Government Assessments	42		504
Audit Fees	85		1,020
Other			
Auto Lease	525		6,300
Auto Operating Expenses	100		1,200
Craft Supplies	100		1,200
Social Activities ans Supplies	1,000		12,000
Miscellaneous	657		7,884
TOTAL	$ 14,300		$171,600

I/We Chaney, Brooks and Company, as managing agems 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 acounting principles.

Date: May 1, 1991

END OF EXHIBIT "F"

KAULANA AT KONA

Exhibit "G"

Summary of Sales Contract

Following is a summary of the pertinent provisions of the Deposit, Receipt and Sales Contract for Kaulana at Kona:

Payment Terms. Initial deposit is required. Balance of purchase price payable in cash or loan proceeds at closing.

Property Description. An apartment at Kaulana at Kona, together with a parking stall and built-in furniture and appliances; subject to the Declaration, By-Laws and encumbrances noted in the deed.

Financing Commitment. Buyer must present evidence of ability to finance purchase, through a loan or by cash, within time periods specified in contract.

Escrow Agreement. Seller has escrow agreement with Title Guaranty Escrow Services, Inc. Buyer should review terms of the agreement.

Conveyance Document. Upon payment of full purchase price, Buyer will be conveyed apartment by way of Apartment Deed.

Closing Costs. Buyer responsible for closing costs, including but not limited to preparation of deed, conveyance tax, recording fees, escrow fees and financing fees.

Delivery of Possession. Possession of apartment delivered to Buyer upon closing.

Managing Agent. Chaney, Brooks & Company will be initial managing agent of Kaulana at Kona.

Modification of Documents. Seller may modify or amend the Declaration, By-Laws and other project documents for the reasons permitted or required in the project documents or by law.

Assignment. Seller's consent required for Buyer to assign contract.

Subordination. Seller may subordinate Buyer's interest in contract to interest of construction lender, if any.

Completion Date. Buyer's apartment to be completed within one year of enforceable date of contract, subject to stated exceptions.

Warranties. One year warranty for construction, furnishings and appliances from date of "substantial completion" of the apartment.

Ongoing Construction and Sales. Construction and sales activities may continue at project site after Buyer occupies apartment.

Buyer's Representations. Buyer acknowledges purpose of condominium map, responsibility for use and rental of own apartment, responsibility for determining economic benefits and tax consequences of purchase, agreement not to enter into rental pool, agreement to execute documents regarding non-violation of securities laws, agreement to injunction and other relief if Buyer found in violation of any securities laws and agreement to accept liquidated damages if Seller found in violation of any disclosure laws.

Buyer's Rights Upon Delivery of Final Public Report. Buyer may cancel contract during thirty day period following delivery of Final Public Report.

Buyer's Rights Upon Notice of A Material Change. Buyer may rescind contract during thirty day period following receipt of written notice of disclosure of material change.

Seller's Remedies. If Buyer defaults on the contract, Seller may cancel contract and retain up to $10,000.00 of Buyer's deposit as liquidated damages or pursue other remedies.

Seller's Option to Cancel. Seller may cancel contract if at least thirty apartments in project are not sold by June 30, 1991.

Buyer's and Seller's Option to Cancel. Buyer or Seller may cancel contract at any time until it becomes binding as provided in contract or by law.

Time is of the Essence. Closing date may be extended for thirty day for reasons beyond control of Buyer or Seller. Any other extension requires written agreement between the parties.

THIS DOCUMENT CONTAINS A SUMMARY OF THE PERTINENT PROVISIONS OF THE DEPOSIT RECEIPT AND SALES CONTRACT FOR KAULANA AT KONA. BUYER SHOULD THOROUGHLY REVIEW THE CONTRACT IN ORDER TO OBTAIN A COMPLETE UNDERSTANDING OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES TO THE CONTRACT.

End of Exhibit "G"

KAULANA AT KONA

Exhibit "H"

Summary of Condominium Escrow Agreement and Amendment to Condominium Escrow Agreement

Following is a summary of the pertinent provisions of the Condominium Escrow Agreement for Kaulana at Kona:

Parties. Title Guaranty Escrow Services, Inc. ("Escrow") and Keauhou Kona Associates ("Developer").

Recitals. Purpose of agreement is to provide escrow services in connection with the sale of apartments, including but not limited to receiving and holding documents and holding and disbursing funds received from buyers of apartments.

Sales Contracts. Sales contracts and initial deposit for sale of apartments are to be deposited in escrow.

Receipt of Funds. All funds received by Developer from buyers of apartments are to be held and disbursed by Escrow. Interest earned on deposited fund accrues to Developer unless separate account is opened for buyer.

Disbursement of Funds. No funds are to be disbursed by Escrow unless the Final Public Report on the project has been issued and received by buyer and Developer has complied with other statutory requirements.

Return of Funds. Escrow will return funds to buyer if Developer and buyer request Escrow to do so, if Developer exercises any legal right it may have to cancel or rescind the sales contract or if Buyer exercises any legal right buyer may have to cancel or rescind the sales contract. Escrow may charge an escrow cancellation fee of not less than $25.00 in the event a sales contract is canceled or rescinded.

Closing. Escrow will arrange for and supervise the execution of all documents and other matters required for closing and will handle the closing of the transaction. Escrow will have the appropriate documents recorded and return recorded copies to the parties.

Buyer's Default. Escrow will notify buyer of the amount and date of payments required under the sales contract. If buyer defaults, Escrow will hold all payments made by buyer for the account of the Developer.

Protection of Escrow. Escrow is not required to determine any dispute or difference between the parties or any conflicting demand made by the parties. Escrow may file an interpleader action for the purpose of resolving any dispute over funds that Escrow is holding.

Statutory Provisions. The escrow agreement is supplementary and subject to the provisions of Chapter 514A, Hawaii Revised Statutes.

Compensation of Escrow. Escrow fees are $550.00 for each apartment in the project, $550.00 for each title insurance policy issued and $100.00 for mortgages not obtained from a lender designated by Developer.

Following is a Summary of the pertinent provisions of the Amendment to Condominium Escrow Agreement for Kaulana at Kona:

Disbursement of Purchaser's Funds. Escrow may disburse purchaser's funds to pay for the project's construction costs, architectural fees, financing costs, legal fees and other incidental expenses upon the approval of such costs and fees by the Developer's mortgagee or a financially disinterested person.

THIS DOCUMENT CONTAINS A SUMMARY OF THE PERTINENT PROVISIONS OF THE CONDOMINIUM ESCROW AGREEMENT FOR KAULANA AT KONA. BUYER SHOULD THOROUGHLY REVIEW THE AGREEMENT IN ORDER TO OBTAIN A COMPLETE UNDERSTANDING OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES TO THE AGREEMENT.

End of Exhibit "H"