



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

**CONDOMINIUM PUBLIC REPORT**

on

MAUNA LANI GROVE

Registration No. 2351

Issued: December 14, 1990  
 Expires: January 14, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 28, 1990, 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 \_\_\_\_\_
- 
- 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.

No prior reports have been issued by the Commission.

Changes made are as follows:

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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.

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 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

**Interest to be Conveyed to Buyer:**

- 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.  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 See Exhibit B

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>1</u>	<u>5</u>	<u>3/3 1/2</u>	<u>4046</u>	<u>2881</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 5

*\*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>N/A</u>
Guest Stalls	<u>N/A</u>
Unassigned Stalls	<u>N/A</u>
Extra Stalls Available for Purchase	<u>N/A</u>
Other: <u>X</u> Attached two (2) car garage	<u>          </u>
<b>Total Parking Stalls</b>	<u>          </u>

**7. Recreational amenities:**

Each apartment shall have a lap pool, whirlpool spa, steam shower and sauna

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Mauna Lani Resort, Inc. Phone: 885-6677  
Name P.O. Box 4959 (Business)  
Business Address  
Kawaihae, Hawaii 96743-4959

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

See Exhibit A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Sales Agent: Mauna Lani Realty, Inc./Gae Wilson Phone: 885-6688  
Name P.O. Box 4959 (Business)  
Business Address  
Kawaihae, Hawaii 96743-4959

Escrow: Title Guaranty Escrow Services, Inc. Phone: 533-6261  
Name 235 Queen Street, 1st Flr. (Business)  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: Classic Resorts Phone: 667-1400  
Name 50 Nohea Kai Drive (Business)  
Business Address  
Lahaina, Maui, Hawaii 96761

Attorney for Developer: Kobayashi, Watanabe, Sugita, Kawashima & Goda (Benjamin A. Kudo/Donna Kanemaru)  
Name 745 Fort Street, 8th Flr.  
Business Address  
Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment 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  
 Recorded - Bureau of Conveyances - Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court - Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

- 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. \_\_\_\_\_  
 Filed - Land Court Condo Map No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- 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 \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court - Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

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:

Proposed                       Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u> 65%, except when a higher percentage is required in
Bylaws	65%	<u>specific provisions of the</u> Bylaws
House Rules	--	<u>Majority of</u> Board of Directors

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:

The developer has reserved the right to modify the Declaration, Bylaws, Exhibits, the Apartment Deed and the Escrow Agreement as may be required by law, any title insurance company or any institutional mortgagee, provided that no modification shall: (a) increase the Buyer's percentage of common expenses; (b) increase the cost of the Apartment (except as set forth in paragraph 16 of the Sales Contract); (c) require a substantial physical change of the Apartment; (d) substantially impair or modify any obligations given or undertaken by Seller; or (e) increase Buyer's obligation under the Apartment Deed.



B. Underlying Land:

Address: To be determined later Tax Map Key: 6-8-22:33  
(TMK)

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

Land Area: 4.42  square feet  acre(s) Zoning: CV-10

Fee Owner: Mauna Lani Resort, Inc.  
Name  
P.O. Box 4959  
Address  
Kawaihae, Hawaii 96743-4959

Sublessor: N/A  
Name  
Address

C Buildings and Other Improvements:

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

2. Buildings: 5 Floors Per Building 3

Exhibit B contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other Reinforced concrete, glass, wood, masonry block, plaster  
and tile

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	<u>N/A</u>	<input type="checkbox"/> Industrial	<u>N/A</u>
<input checked="" type="checkbox"/> Residential	<u>5</u>	<input type="checkbox"/> Agricultural	<u>N/A</u>
<input type="checkbox"/> Timeshare/Hotel	<u>N/A</u>	<input type="checkbox"/> Recreational	<u>N/A</u>
<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 C

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

Other: See Exhibit C

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 5

Elevators N/A                      Stairways Interior                      Trash Chutes \_\_\_\_\_

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>1</u>	<u>5</u>	<u>3/3 1/2</u>	<u>4046</u>	<u>2881</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 the floor area may have been used.*

Boundaries of Each Apartment:

See Exhibit D

Permitted Alterations to Apartments;

All alterations to an apartment shall require the prior written approval of the Community Design Committee of the Mauna Lani Resort Association.

7. Parking Stalls:

Total Parking Stalls: 10

	<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>10</u>	<u>          </u>					
Guest Unassigned	<u>          </u>						
Extra Available for Purchase	<u>          </u>						
Other:	<u>10</u>	<u>          </u>					
Total Covered & Open	<u>10</u>	<u>          </u>					

Each apartment will have the exclusive use of at least 1 attached 2 car garage parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool  Storage Area

Recreation Area  Laundry Area

Tennis Court  Trash Chute

Other: Each apartment shall have exclusive use of a lap pool and whirlpool as limited common elements appurtenant to the apartment.

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.  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	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.

Exhibit E 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.

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

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

as follows:

Apartment 1 - Lap Pool No. 1 and Whirlpool Spa No. 1  
Apartment 2 - Lap Pool No. 2 and Whirlpool Spa No. 2  
Apartment 3 - Lap Pool No. 3 and Whirlpool Spa No. 3  
Apartment 4 - Lap Pool No. 4 and Whirlpool Spa No. 4  
Apartment 5 - Lap Pool No. 5 and Whirlpool Spa No. 5

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

Exhibit \_\_\_\_\_ describes the common interests for each apartment.

As follows: Each apartment shall have a twenty percent (20%) interest in all of the common elements

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

Exhibit F describes the encumbrances against the title contained in the title report dated October 25, 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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
None	

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     G     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 _____    |                                                      |
| <input type="checkbox"/> Not applicable |                                                      |

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:

See Exhibit H

2. Appliances: A description of warranties on the appliances to be installed in each apartment is not available as the purchase contracts have not been executed by Developer. The Developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the condominium unit. By such assignment, the Developer will be merely passing through to buyers any such manufacturer's or dealer's warranties, and the Developer will not be adopting any such warranties or acting as co-warrantor. Buyer acknowledges and agrees that THE DEVELOPER IS NOT ADOPTING ANY SUCH CONTRACTOR'S, MANUFACTURER'S OR DEALER'S WARRANTIES, OR ACTING AS CO-WARRANTOR, BUT IS MERELY ATTEMPTING TO PASS THROUGH TO BUYER THE BENEFIT OF ANY SUCH WARRANTIES.

J. Status of Construction and Estimated Completion Date:

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:

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   I   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated   March 15, 1990 with Title Guaranty Escrow Services, Inc.  

Exhibit   J   contains a summary of the pertinent provisions of the escrow contract.

Other \_\_\_\_\_

#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The Project shall also be subject to the Mauna Lani Resort Association Declaration of Covenants and Restrictions, as amended, copies of which will be given to the buyer. A summary of the Mauna Lani Resort Association Declaration of Covenants and Restrictions is contained in Exhibit K.

The Declaration of Condominium Property Regime provides that the Project is located within a hotel resort containing golf courses, tennis and racquet facilities, beach facilities and sites of historical, archeological and environmental significance, and Purchasers of units in the Project are buying with understanding that this location may result in property damage, nuisance or hazards to persons, including tenants and guests in the Project as a result of such golf course operations, including any existing or future golf course ranges, club house activities, relocation and reconfiguration of the golf course design or other golf related activities, tennis, racquet activities or resort activities such as, but not limited to tournaments or concerts. Purchasers of units in the Project assumes all risks associated with this location, including but limited to property damages or personal injuries arising out of the activity of the hotel resort operation.

Additionally, the Declaration of Condominium Property Regime provides that the Project is located adjacent to natural anchialine and/or fish ponds, which may present an attractive nuisance or hazards to persons, including tenants and guests and property. The Association of Apartment Owners and Purchasers of units in the Project shall assume all risks associated with such locations, and the Developer shall be held harmless from any claims and expenses arising from such property damage or personal injury.

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 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.

This Public Report is a part of Registration No. 2351 filed with the Real Estate Commission on November 21, 1990.

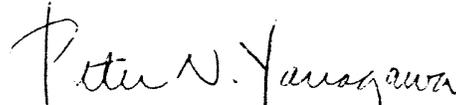
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white paper stock

pink paper stock

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



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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

Escrow Agent

EXHIBIT A  
MAUNA LANI GROVE  
OFFICERS OF MAUNA LANI RESORT, INC.

<u>Name</u>	<u>Office</u>	<u>Address</u>
Makoto Yuki	President	73-4422 Paiaha Street, Kailua-Kona, Hawaii 96740 885-6677
Hiro Nagai	Vice President/Treasurer	73-4330 Hale Kow Place, Kailua-Kona, Hawaii 96740 885-6677
Shigeru Yanagimachi	Vice President-Development Division	73-1289 Awakea Street, Kailua-Kona, Hawaii 96740 885-6677
Francine Duncan	Vice President	P.O. Box 2045, Kamuela, Hawaii 96743 885-6677
Kentaro Yuno	Corporate Secretary	73-4477 Holo Holo Street, Kailua-Kona, Hawaii 96740 885-6677

Exhibit A  
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EXHIBIT B

MAUNA LANI GROVE

DESCRIPTION OF THE BUILDINGS

The proposed Declaration of Condominium Property Regime reflects that the Project shall contain five (5) detached, three-story, single family residential condominium units designated as Units "1" through "5". The five (5) condominium units will be constructed principally of reinforced concrete, glass, wood, masonry block, plaster, tile and appropriate trim.

There is no recreational facility in the Project. Each condominium unit shall have a lap pool, whirlpool spa, steam shower and sauna, and an enclosed, attached two (2) automobile garage. No condominium unit shall contain a basement.

Each condominium unit shall have the following specifications:

Bedrooms	3
Baths	3.5
Living Area (s.f.)	4046
Lanai (s.f.)	2881
Common Interest	0.20 %
Garage (s.f.)	433
(enclosed, attached two automobiles)	

Units 1 and 2 are aligned from the northern portion of the Project to the eastern most portion of the Project. Units 3, 4, and 5 are aligned from the northern portion of the Project to the western most portion of the Project.

EXHIBIT C

MAUNA LANI GROVE

PURPOSE OF BUILDING  
AND USE RESTRICTIONS

Each condominium unit of the Mauna Lani Grove shall at all times be occupied and used only for residential purposes by the respective owners thereof, their tenants, licensees, families, domestic servants, and social guest, and for no other purpose. The Association shall have the power to enact resolutions, rules and regulations, and have the power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the condominium units and the common elements; provided, that, any such resolutions, rules or regulations shall be consistent with the terms of the Declaration, the Bylaws and any amendments thereto, including the Declaration of Covenants and Restrictions and the Bylaws of the Mauna Lani Resort Association.

The owners of the respective condominium units shall have the absolute right to lease their interest in such condominium unit subject to all provisions of the Condominium Property Act, the Declaration of Covenants and Restrictions and the Bylaws attached thereto and the Declaration and the Bylaws of the Mauna Lani Resort Association; provided, however, that no condominium unit owner may lease less than the entire condominium unit.

No condominium unit owner in the Project shall enter into or offer to enter into any arrangement with any other condominium unit owner in the Project or its agent whereby any rental pool of condominium units or any other sharing of rental income of condominium units is established. This restriction shall terminate when all condominium units in the Project have been developed and sold by recordation of deeds by the Developer.

No condominium unit owner shall use his condominium unit or any common elements for any purpose which will injure the reputation of the property, or suffer anything to be done or kept in his condominium unit or elsewhere on the property which will (i) jeopardize the soundness of the property, or (ii) interfere with or unreasonably disturb the rights of other owners and occupants, or (iii) obstruct the access to the condominium units, or (iv) reduce the value of

the property, or (v) increase the rates (unless such owner pays such increase) or result in the cancellation of fire insurance on the condominium units or its contents thereof.

The House Rules submitted to the Commission indicate in part that (1) pets must be registered, the Board of Directors may limit the number of pets allowed, and they may also require the immediate removal of pets that are a nuisance; and (2) no open fires or open fire barbecuing will be permitted on any condominium unit lanai.

Exhibit C  
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EXHIBIT D

MAUNA LANI GROVE

BOUNDARIES OF CONDOMINIUM UNIT

The respective condominium units shall not be deemed to include the undecorated or unfinished exterior surfaces of the perimeter walls, any pipes, wires, conduits or other utility or service lines running through the common elements which are utilized for or serve more than one condominium unit, the same being deemed common elements as hereinafter provided. Each condominium unit shall be deemed to include all the walls and partitions within its perimeter walls, the inner decorated or finished surfaces of all walls, the floors and ceilings, any doors, windows or panels along the perimeters, all fixtures originally installed therein and any pipes, wires, conduits or other utility or service lines (from the edge of the interior collector road, a common element, to and within the unit) which are utilized to provide service to the condominium unit. Each condominium unit shall also include the lanai or lanais, patios, terraces which such condominium unit has direct, exclusive access to, any mechanical, electrical and air conditioning equipment originally installed and located within such condominium unit utilized for or serving only such condominium unit and all of the fixtures and appliances originally installed therein, including the carpets, refrigerator, oven/microwave, dishwasher, garbage disposal, washer/dryer, waterheaters, sinks and bathroom fixtures originally installed therein.

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EXHIBIT E

MAUNA LANI GROVE

COMMON ELEMENTS

One (1) free hold estate is designated in all of the remaining portions of the property, herein called the "Common Elements", including specifically but not limited to:

- (1) Said land in fee simple;
- (2) All roadways, roadway entry gate and walkways;
- (3) All yards, grounds, lagoons and water features, excluding and excepting the existing ponds, landscaping, retaining walls, planters, abutting common areas, equipment room and all refuse facilities;
- (4) All ducts, electrical equipment, central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and/or across the property which serve more than one condominium unit for services such as power, light, hot water, cold water, incineration, sewage, gas, telephone and television and radio signal distribution, if any;
- (5) Any apparatus and installation existing for common use such as tanks, pumps, motors, fans compressors, ducts, vents and other installations and apparatus, except for air conditioning units;
- (6) Any and all facilities for distribution and storage of mail; and
- (7) Any and all maintenance building and storage facilities for maintenance equipment.
- (8) Any and all other apparatus and installation of common use and all other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

EXHIBIT F

MAUNA LANI GROVE

EASEMENTS AND ENCUMBRANCES AGAINST TITLE

The condominium units and common elements shall have and be subject to, in addition to the easements listed in the section below entitled "ENCUMBRANCES AGAINST TITLE", the following easements:

(a) Each condominium unit shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes as ingress to, egress from, utility services for and support, maintenance and repair of such condominium unit, and shall also have the right to use the other common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other condominium unit owners.

(b) In the case of minor encroachments of common elements upon any condominium unit a valid easement for such encroachment and maintenance thereof shall and does exist for so long as such encroachment continues. In the event any building of the property shall be partially or totally destroyed and then rebuilt, or in the event of any shifting, settlement or movement of any portion of the property, minor encroachments upon any part of the common elements or condominium units shall be permitted, and a valid easement for such encroachment and the maintenance thereof shall and does exist for so long as such encroachment continues.

(c) The Association of Owners shall have the irrevocable right, to be exercised by the Board of Directors or the managing agent, to have access to each condominium unit from time to time during reasonable hours as may be necessary for the operation of the property or at any time for making emergency repairs therein necessary to prevent damage to the common elements, to another condominium unit or condominium units.

(d) The Developer shall have the right to conduct extensive sales activities on the property, including the use of sales and management offices, and extensive sales displays and activities until the earlier to occur of (i) forty-eight (48) months from the date of the recording in the Bureau of Conveyances of the first condominium conveyance document; or (ii) the closing of the sale of the

last unsold condominium unit in the project. In the event the Developer is unable to sell all of the condominium units within the forty-eight (48) month period, the Developer shall have the right to conduct sales activities on the property until the closing of the sale of the last unsold condominium unit in the property provided that such sales activities are conducted in an unobstrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the property by the other condominium unit owners. In the event that the Developer's mortgage lender or any successor to or assignee of the Developer's mortgage lender shall acquire any portion of the property in the course of any foreclosure, such mortgage lender, its successors and assigns, shall have the right to conduct such extensive sales activities on the property until one hundred percent (100%) of all of the condominium units have been sold and recorded, notwithstanding the foregoing.

(e) The Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon the property as may be reasonably necessary for the completion of improvements to and correction of defects in the property. Such easements shall terminate twenty-four (24) months after the later of (i) the date of the recording in the Bureau of Conveyances of the first condominium conveyance document, or (ii) "substantial completion", as that term is defined and used in Chapter 507, Part II, Hawaii Revised Status, as amended, of the improvement to be completed or corrected.

(f) Each condominium unit owner shall have an easement in common with the owners of all other condominium units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other condominium units and serving his condominium unit. Each condominium unit shall be subject to an easement in favor of the owners of all other condominium units to use and for access to the pipes, ducts, cables, wires, conduits, public utilities, and other common elements serving such other condominium units and located in such units.

(g) All public utility agencies providing service to the property shall have an easement over, upon and under the property as may be reasonably necessary for maintenance and repairs to any pipes, conduits, cables, wires, ducts or other equipment serving the property.

ENCUMBRANCES AGAINST TITLE:

1. Real Property Taxes due and payable, refer to Director of Finance, County of Hawaii.

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

3. - AS TO PARCEL FIRST:-

(A) Designation of Easement "L"

Purpose: Historic preserve  
Shown: On File Plan No. 1821

(B) Grant

To: HALATEL, a Hawaii general partnership  
Dated: June 29, 1988  
Recorded: Liber 22090 Page 547  
Granting: An easement for pedestrian access,  
vehicular access and utility purposes, etc.

Said above Grant was amended by instrument dated September 14, 1988, recorded in Liber 22439 at Page 639.

4. - AS TO PARCEL SECOND:-

(A) Designation of Easement "B"

Purpose: Right of way  
Shown: On Map 3, as set forth by Land Court Order  
No. 57369, filed August 6, 1980

(B) Designation of Easement "E"

Purpose: Historic preserve  
Shown: On Map 5, as set forth by Land Court Order  
No. 63050, filed June 23, 1982

(C) Reservation of an easement for golf cart path purposes across the northeast portion of the land described herein, as set forth in survey dated August 2, 1990, by Russell Figueiroa, Registered Professional Surveyor.

5. MAUNA LANI RESROT ASSOCIATION DECLARATION OF COVENANTS AND RESTRICTIONS dated June 3, 1982, effective June 3, 1982, filed as Land Court Document No. 1120889, recorded in Liber 16425 at Page 203. Said Declaration was amended by

instrument dated June 3, 1982, effective June 3, 1982, filed as Land Court Document No. 1121081, recorded in Liber 16428 at Page 456, dated August 13, 1982, filed a Land Court Document No. 1129996, recorded in Liber 196545 at Page 345, dated June 23, 1986, filed as Land Court Document No. 1380755, recorded in Liber 19613 at Page 236, dated January 8, 1987, filed as Land Court Document No. 1432988, recorded in Liber 20284 at Page 384, dated October 28, 1987, filed as Land Court Document No. 1507024, recorded in Liber 21287 at Page 398, and dated June 22, 1988, filed as Land Court Document No. 1560401, recorded in Liber 22084 at Page 131.

6. Unrecorded GOLF COURSE USE AGREEMENT dated September 3, 1986, by and between MAUNA LANI RESORT, INC., a Hawaii corporation, and the RITZ-CARLTON HOTEL COMPANY, a Georgia corporation, of which a Memorandum of Golf Course Use Agreement dated June 29, 1988, filed as Land Court Document No. 1561024, recorded in Liber 22090 at Page 554, as amended by: 1. That certain unrecorded Amendment of Purchase Agreement and Golf Course Use Agreement dated June 29, 1988. 2. That Amendment of Golf Course Use Agreement dated November 1, 1988, filed as Land Court Document No. 1592436, recorded in Liber 22558 at Page 18, executed by and between Mauna Lani Resort, Inc., a Hawaii corporation and Halatel, a Hawaii General Partnership, and 3. Amendment to and Partial Release of Memorandum of Golf Course Use Agreement dated October 4, 1989, recorded in Liber 23735 at Page 35, by Mauna Lani Resort, Inc.

7. Subdivision Approval by the Planning Department of the County of Hawaii.

Exhibit F  
Mauna Lani Grove  
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EXHIBIT G

THE GROVE AT MAUNA LANI  
PROJECTED OPERATING EXPENSES

	Monthly	Annual
Receipts		
Maintenance Fees	8000	96000
Disbursements		
Utilities		
Refuse	100	1200
Water/Sewer	1650	19800
Electricity	500	6000
Television	100	1200
Total Utilities	2350	28200
Repairs and Maintenance		
Landscape Maint	3750	45000
Street Repair and Cleaning	100	1200
Pest Control	110	1320
Gate Maintenance	200	2400
Total Repairs and Maint	4160	49920
Administrative		
Mauna Lani Resort Fee	150	1800
Insurance	100	1200
Management Fee	830	9960
Reserve for Capital Repl	410	4920
Total Administrative	1490	17880
Total Disbursements	8000	96000

The cash operating budget (prorated on a monthly basis) and the estimated monthly cost for each apartment is for one year commencing January 1991. The information contained herein is based upon data available to us at this time.

We certify that the monthly maintenance fee and monthly cash operating costs have been based on generally accepted accounting principles.

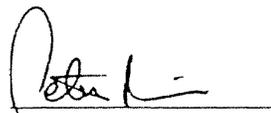
  
Peter Rice  
Executive Vice President  
Classic Resorts Limited

EXHIBIT H

MAUNA LANI GROVE

CONSTRUCTION WARRANTIES

The execution, delivery and recordation of the Condominium Unit Deed shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the condominium unit, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to buyer on closing without further instruments or documents.

If closing occurs after the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller will also give to Buyer a construction warranty from the Seller which shall last for a period of ninety (90) days from the date of closing; provided, however, that if closing occurs within ninety (90) days before the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller's warranty shall extend for a certain period after said expiration date so that the total period for Seller's warranty shall be ninety (90) days.

EXHIBIT I

MAUNA LANI GROVE

SUMMARY OF CONDOMINIUM SALES CONTRACT

A specimen Condominium Sales Contract and Deposit Receipt has been submitted to the Real Estate Commission as part of the registration. The specimen Sales Contract and Deposit Receipt provides in part:

(a) That if the buyers who have agreed to obtain mortgage loans have not secured commitment therefor within forty-five (45) days after application for the same satisfactory to the Developer, the Developer may elect to terminate at Developer's option, the Sales Contract upon written notice to the buyer and, upon such termination all monies paid by the buyer be refunded with interest less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred by the Developer or lending institution in processing such loan application; provided, however, that if the Developer ascertains that the buyer has failed to qualify for the mortgage loan due to the failure to use his best efforts to obtain such mortgage loan in good faith or to do or perform all acts necessary to obtain such loan, then such failure shall constitute a default by the buyer entitling Developer to retain all sums paid as liquidated damages;

(b) That if the buyers shall not require financing, buyers shall close escrow within a reasonable period of time after Escrow Agent is notified that a Certificate of Occupancy has been issued by the County of Hawaii;

(c) Prospective buyers should be aware that the Developer's mortgage loans (interim, renewals and extensions) used for the construction of the Project shall be and remain at all times a superior lien on the Project, and buyers intentionally waive and subordinate the priority of lien under the Sales Contract or reservation agreement in favor of such mortgage loan and waives any claims which they may have against Developer for breach of the Sales Contract or reservation agreement in the event that said mortgage loans are foreclosed;

(d) That the Sales Contract constitutes only a reservation agreement until such time as the Developer deposits in the U.S. mail a notice addressed to the buyer stating that the Developer has determined that the Project can go forward, after which time the Sales Contract shall become binding. Prior to that time, either the Developer or the buyer has an unconditional right to cancel the contract by written notice to each other;

(e) Additionally, the Sales Contract provides that Developer makes no warranties, expressed or implied, with respect to the condominium units or any common elements or anything installed therein. Developer shall assign to buyers any and all warranties given Developer by the general contractor of the Project together with any guaranties against faulty material or workmanship. Buyer shall receive direct warranties given by dealers or manufacturers on appliances installed in condominium units and common elements.

(f) All expenses in connection with the sale are to be payable by buyer, including, but not limited to, the cost of drafting the Condominium Unit Deed and the cost of the acknowledgments in respect thereof; the State of Hawaii conveyance tax (NOTE: In connection with the conveyance tax, the Developer and buyer will appoint Escrow Agent as their agent for the purpose of filing the affidavit in respect thereto); the escrow fee; the cost of obtaining financing or a financing commitment for any portion of the purchase price and all expenses incident thereto; the expense of credit reports; the drafting of mortgages, etc. (which costs shall be paid directly to buyer's mortgagee and shall in no event be reimbursed by Developer); acknowledgments of the buyer on all instruments; recording fees; and any costs incurred for title insurance.

(g) Buyer may also be required to prepay maintenance fees for a period of up to two (2) months, prepay insurance premiums for up to one (1) year, prepay real property taxes for the remainder of the tax year prorated as of the date that a certificate of occupancy for the condominium unit has been issued by the County of Hawaii and pay a non-refundable start-up fee in an amount equal to two (2) months maintenance fees, which shall be a one-time non-transferable non-refundable assessment at sale, not as a common expense, shall be in addition to the normal monthly maintenance fees. shall be held, accounted for and expended as funds of the Association for the benefit of all of the

condominium unit owners by Developer and the managing agent, all of which shall be paid at preclosing. Buyer further agrees that all maintenance, other taxes, assessments and other expenses shall also be prorated between Developer and buyer as of such proration date for real property taxes which shall be the date that a certificate of occupancy for the condominium unit has been issued by the County of Hawaii. (NOTE: This amount, together with other amounts required, are in addition to and are not part of the total purchase price and shall be paid at preclosing).

(h) If (i) the development and construction of the Project is delayed due to governmental restrictions or regulations, or if said delay is caused by fire, earthquake, tidal wave, acts of God, the elements, war or civil disturbances, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or any other event, matters of conditions including any litigation or threat of litigation concerning the Project, and Developer determines in its sole discretion that increases in development and construction costs have or will occur, or (ii) Developer cannot obtain a construction loan or loans for the Project, except at an interest rate higher than acceptable to Developer, as determined by Developer in its sole discretion, and Developer determines, in its sole discretion, that increases in development and construction costs will occur because of much higher interest rate, then and in any such event, Developer may increase the total Purchase Price for the Property by an amount not in excess of the Property's proportionate share (approximately based on the percentage common interest specified above) of the total amount of such increases in development and construction and/or interest costs.

(i) The Developer has made no representations with respect to the possibility or probability of rental or other income from the condominium unit or other economical benefit to be derived from the rental of the condominium unit, including but not limited to, any representations to the effect that Seller or the managing agent of the project by a third party will provide services relating to the rental or sale of the condominium unit nor representations as to the possible advantages from the rental of the condominium unit under Federal and State tax laws. If buyer wishes to rent the condominium unit to third persons, buyer must make his own arrangements. Buyer further agrees and acknowledges that in the event that the offer to sell and the purchase of

the condominium unit or the activities of buyer with respect to the condominium unit are determined to be or alleged to give rise to any violation of any Federal or State securities laws or regulations, Developer may obtain an injunction enjoining such acts of the buyer and Developer may, in addition, pursue any other remedies and buyer shall pay the Developer's costs and attorneys' fees in connection therewith. In the event that the buyer or anyone claiming by or through him alleges that the offer to sell or the purchase of the condominium unit gives rise to any violation of any Federal or State disclosure laws or regulations, the buyer covenants not to sue for any remedy other than to sue for refund of the purchase price and actual closing cost. Buyer agrees to absorb any additional charges incurred with respect to the condominium unit as the reasonable use value of the condominium unit. The terms of this paragraph shall survive final closing of the sale and buyer's occupancy of the condominium unit.

Exhibit I  
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EXHIBIT J

MAUNA LANI GROVE

SUMMARY OF ESCROW AGREEMENT

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of the registration. The Escrow Agreement dated March 15, 1990, identified Title Guaranty Escrow Services, Inc. as the escrow agent. The Escrow Agreement provides that the Escrow Agent shall refund to buyer all of buyer's funds, with interest, less a cancellation fee of not less than \$25.00, if buyer shall request refund of his funds and any one of the following shall have occurred:

(a) Developer and buyer have requested Escrow Agent in writing to return to buyer the funds of buyer then held under the Escrow Agreement by Escrow Agent; or

(b) Developer has notified Escrow Agent of Developer's exercise of the option to rescind the sales contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(c) With respect to a buyer whose funds were obtained prior to the issuance of the Final Report,

(i) upon receiving a true copy of the Final Report, buyer elects to cancel the sales contract before the earlier of (1) the conveyance of the condominium unit to the buyer, or (2) midnight of the thirtieth day following the date of delivery of the final public report to such buyer, or

(ii) there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) the buyer's condominium unit, or (2) those amenities of the Project available for buyer's use, except for any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of the Project made pursuant to the terms of the Declaration.

EXHIBIT K

MAUNA LANI GROVE

SUMMARY OF THE MAUNA LANI RESORT ASSOCIATION  
DECLARATION OF COVENANTS AND RESTRICTIONS

The project is subject to the Mauna Lani Resort Association Declaration of Covenants and Restrictions, as amended, a copy of which will be given to each buyer.

The Mauna Lani Resort Association Declaration of Covenants and Restrictions ("DCR") is designed to create and keep the Mauna Lani Resort area desirable, attractive, beneficial and suitable in architectural design, materials and appearance; and to enhance the natural beauty and protection of owners. Developer reserves the right to impose these covenants and restrictions upon any property annexed into the Association.

The Association is a nonprofit corporation charged with the duties and empowered with the rights set forth in the DCRs, its charter and bylaws. Every owner shall be a member of the Association and membership may not be separated from the real property or real property improvement which gives rise to the status of owner. Each owner of this project shall have one (1) vote per unit.

The Association shall have broad powers such as, but not limited to, the power to: (1) accept title to all Common Property conveyed to it or leased to it; (2) acquire and accept title to any other property, real, personal or mixed; (3) maintain, repair, replace and landscape the Common Property, property dedicated to the County of Hawaii, Historic Preservation areas, and other property as determined by the Board of Directors; (4) contract and pay for services beneficial to the Association; (5) contract and pay for insurance beneficial to the Association; (6) borrow money; (7) enforce the DCR, charter and bylaws of the Association; (7) delegate its power to committees, officers or employees for the benefit of the Association; (8) pay, compromise or contest any and all liens placed upon any Common Property.

The Board of Directors may adopt, amend and repeal Association Rules governing among other things as: (1) the use of Common Property; (2) the use of roads owned by the Association; (3) collection and disposal of refuse; (4)

burning of open fires; and (5) maintenance of animals. The Association Rules may establish a system of fines and penalties for violations; provided that such system shall, prior to levying fines and/or penalties, provide notice to the owner, permit the owner the opportunity to cure any violation, and provide the owner the opportunity to contest any alleged violation.

The Association shall prepare a budget for the operation of the Common Property and shall levy assessments to all Secondary Associations, Hotels or Commercial Entities. The Association of Owners of Mauna Lani Grove shall constitute a Secondary Association. It is the responsibility of the Secondary Association to collect such assessments from their respective owners. The Board may not, without the written assent or vote of a majority of the voting power of the Association residing in the residential owners, impose a regular annual assessment which is more than ten percent (10%) greater than the regular assessment for the immediately preceding fiscal year.

Supplemental general assessments, based upon a supplemental budget, may be levied if additional land is annexed into Mauna Lani Resort or if the regular general assessment proves inadequate for any reason. The Board may not, without the written assent or vote of a majority of the voting power of the Association residing in the residential owners, levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association. The Board may levy a special assessment for monies expended by the Association in performing its functions under the DCR which functions were directly or indirectly caused by such Secondary Association, Hotel, Commercial Entity or Declarant's act or failure to act in compliance with the DCR.

If the Association decides to purchase additional Common Property, make capital additions or improvements to the Common Property or make capital expenditures to enhance the value of the owners' property overall, the funds required for the specific capital addition shall be contributed to the capital of the Association by the Secondary Association, Hotel, Commercial Entity and Declarant, in accordance with their proportionate shares, and specifically earmarked and segregated for the designated purpose.

Each assessment shall be a separate, distinct and personal debt and obligation of the owner. If owner does not pay such assessment, the owner shall be deemed in default and the Association may file a notice of default in the Bureau of Conveyances of the State of Hawaii for the amount of the unpaid assessment plus interest at twelve percent (12%) per annum and costs which shall become a lien upon the property. This remedy is in addition to any other remedies provided by law.

Exhibit K  
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