



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

HUALALAI II

Holualoa 1 and 2
 North Kona, Hawaii 96740

Registration No. 2617

Issued: July 27, 1992
 Expires: August 27, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 24, 1992, 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.

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

[] Changes made are as follows:

* * * * *

*****SPECIAL ATTENTION*****

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

This public report does not constitute approval of the Project by the Real Estate Commission, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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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:

- 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 Ohana
 Mixed Residential and Commercial Agricultural
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)</u>	<u>Lanai/Patio (sf)</u>
A	1	1/2 1/2	2512	324
B	1	1/2 1/2	2365	197
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>4</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>4</u>

7. Recreational amenities:

FRONT AND BACK YARD.

.. PEOPLE CONNECTED WITH THE PROJECT

Developer: ROGER K. BRASEL & F.J. DESILETS
Name
P.O. BOX 1412
Business Address
KAILUA-KONA, HI 96745

Phone: (808) 329-7228
(Business)

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

N/A

Real Estate Broker: KNUTSON & ASSOCIATES - Brian McCourt
Name
75-6082 ALII DRIVE
Business Address
KAILUA-KONA, HI 96740

Phone: (808) 329-1010
(Business)

Escrow: ISLAND TITLE CORPORATION
Name
75-5656 KUAKINI HIGHWAY, #302
Business Address
KAILUA-KONA, HI 96740

Phone: (808) 326-4111
(Business)

General Contractor: BUD PATTON
Name
P.O. BOX 311
Business Address
KAILUA-KONA, HI 96745

Phone: (808) 329-5413
(Business)

Condominium Managing Agent: SELF MANAGED BY ASSOCIATION OF
Name
APARTMENT OWNERS
Business Address

Phone: _____
(Business)

Attorney for Developer: ROBERT L. SMITH
Name
77-6400 NALANI ST. #200
Business Address
KAILUA-KONA, HI 96740

Phone: (808) 329-3511
(Business)

**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 - Document No. 92-037022
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

Affidavit of Roger K. Brasel recorded in the Bureau of Conveyances
as Document No. 92-086499

Amended Declaration of Condominium Property Regime dated June 10, 1992
and recorded in the Bureau of Conveyances as Document No. 92-099532.

- 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. 1619
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Amended by instruments referenced above.

- 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 - Document No. 92-037023
Book _____ Page _____
 Filed - Land Court - Document No. _____

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>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

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.

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

Developer reserves the right to amend the Declaration (and Condominium Map, if necessary) to record a verified "as built" statement of a Hawaii registered architect or professional engineer within thirty days from the date of completion.

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: HOLUALOA 1 AND 2, NORTH KONA Tax Map Key: (3) 7-6-12-05; LOT
HUALALAI ROAD, LOT 9B (TMK)

Address TMK is expected to change because _____

Land Area: 24,393.6 square feet acre(s) Zoning: R-AG 1/2 ACRE

Fee Owner: ROGER K. BRASEL & NANCY P. BRASEL, and
Name FERNAND J. DESILETS & JOAN T. DESILETS
75-5865 WALUA ROAD
Address _____
KAILUA-KONA, HI 96740

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: 2 Floors Per Building 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>2</u>	<u>YES</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____				_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?
 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:

- Pets: _____
- Number of Occupants: _____
- Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 1 PER UNIT Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>1/2 1/2</u>	<u>2512</u>	<u>324</u>
<u>B</u>	<u>1</u>	<u>1/2 1/2</u>	<u>2365</u>	<u>197</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment:

The interior finished surface of perimeter walls or interior load bearing walls, including wall and partitions, floors and ceilings, carpeting, floor covering and built in fixtures

Permitted Alterations to Apartments:

Owner is free to make interior alterations, but no exterior alterations may be made unless the owners of both units of the condominium agree.

7. Parking Stalls:

Total Parking Stalls: 4

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	4						4
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total							
Covered & Open	4						

Each apartment will have the exclusive use of at least 2 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
- Recreation Area
- Tennis Court
- Other: YARD
- Storage Area
- Laundry Area
- Trash Chute

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

NOT APPLICABLE

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

NOT APPLICABLE

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

Exhibit 'A' describes the common elements.

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 'A'

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.

Exhibit 'A' 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 'B' describes the encumbrances against the title contained in the title report dated APRIL 2, 1992 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.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
MORTGAGE	Buyer's contract may be cancelled and Buyer may lose all rights to purchase the apartment. Buyer's deposit will be returned.

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

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

The initial managing agent for this condominium is:

[] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[X] 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 'C' 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

Television Cable

Gas

Water & Sewer

Other _____

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 MATERIAL AND WORKMANSHIP WARRANTY.

2. Appliances:

ONE YEAR MATERIAL AND WORKMANSHIP WARRANTY.

J. Status of Construction and Estimated Completion Date:

Construction will commence on May 1, 1992. Estimated date of completion is January 1, 1993.

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:

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 'D' contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated MARCH 31, 1992, AMENDED MAY 20, 1992

Exhibit 'E' contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The purchaser should be aware that the Developer is using a non-surety performance bond issued by a material house. Therefore,

1. Purchasers' funds in escrow shall not be disbursed to pay for construction costs or other expenses of the development of the condominium project until both the completion of the apartment to be conveyed and the closing of the sale;
2. If closing is to occur prior to the expiration of the applicable forty-five (45) day mechanics' lien period, then the Developer shall be required to (a) provide the purchaser with an owner's title insurance policy with a materialmen's lien endorsement, protecting the purchaser against all future mechanics' liens and materialmen's liens and (b) provide the Real Estate Commission with a release by the general contractor of the contractor's lien rights.

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 part of Registration No. 2617 filed with the Real Estate Commission on April 15, 1992.

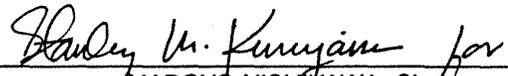
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii
Federal Housing Administration

HUALALAI II

EXHIBIT "A"

Common Elements, Limited Common Elements and Common Interest

The following is a description of the common elements, limited common elements and common interest for HUALALAI II:

1. Common Elements. One freehold estate is designated in all of the portions and appurtenances of the Project (the "common elements") exclusive of the apartments, including specifically, but not limited to:

- (a) The land in fee simple.
- (b) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities, installations over, and under and across the Project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
- (c) Any and all apparatus, facilities or other parts of the Project necessary to its existence, maintenance and safety.
- (d) The driveway as shown on the condominium map.

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

(a) The land area upon and around which Apartment A is located, consisting of approximately 10,437 square feet as shown and designated on the Condominium Map, is for the exclusive use of Apartment A.

(b) The land area upon and around which Apartment B is located, consisting of approximately 13,965.6 square feet as shown and designated on the Condominium Map, is for the exclusive use of Apartment B.

All costs and expenses of every kind pertaining to the limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the apartment to which the limited common element is appurtenant.

NOTE: THE LAND AREA UPON
AND AROUND EACH APARTMENT IS LIMITED COMMON ELEMENT,
IS NOT A SEPARATE LEGALLY SUBDIVIDED LOT.

3. Common Interest. Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project, as follows:

(a) Apartment A shall have appurtenant thereto an undivided fifty percent (50%) interest in all of the common elements of the Project.

(b) Apartment B shall have appurtenant thereto an undivided fifty percent (50%) interest in all of the common elements of the Project.

Such interests are defined and referred to 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.

THIS DOCUMENT CONTAINS A SUMMARY DESCRIPTION OF THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND COMMON INTEREST FOR HUALALAI II. BUYER SHOULD THOROUGHLY REVIEW ALL PROJECT DOCUMENTS IN ORDER TO OBTAIN A COMPLETE UNDERSTANDING OF THE MATTERS CONTAINED IN THIS SUMMARY DESCRIPTION.

End of EXHIBIT "A"

HUALALAI II

EXHIBIT 'B'

ENCUMBRANCES AGAINST TITLE

1. For real property taxes as may be due and owing, reference is made to the Director of Finance, County of Hawaii.

Tax Key: (3) 7-6-012-005 Area Assessed: 0.553 acre

--NOTE:-- Attention is invited to the fact that the premises covered herein are classified and used for agriculture. Information regarding the possibility of roll-back taxes is pending.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. EASEMENT "A-1" for access purposes, as set forth in AFFIDAVIT dated December 12, 1991, recorded as Document No. 92-011807.
4. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated March 4, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-037022, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1619.)
5. By-Laws of the Association of Apartment Owners of the Condominium Project known as "HUALALAI II" dated March 4, 1992, recorded in said Bureau of Conveyances as Document No. 92-037023, as the same may hereafter be amended.

EXHIBIT "C"

DISCLOSURE ABSTRACT

I.

Project: **HUALALAI II**
 Holualoa, North Kona, Hawaii 96740

Developer: **ROGER K. BRASEL and F.J. DESILETS**
 P.O. Box 1412
 Kailua-Kona, Hawaii 96745

Project Manager:
 SELF-MANAGED BY THE ASSOCIATION OF APARTMENT OWNERS

II.

The attached schedule constitutes the breakdown of annual maintenance fee and monthly estimated costs for each apartment prepared in accordance with generally accepted accounting principles.

III.

The Developer warrants the material and workmanship of the apartments for one year.

IV.

The project consists of two apartments for residential use only. No commercial or other non-residential development shall be permitted in the project.

V.

This project consists of two detached structures, newly built. This project is in compliance with all governmental statutes, ordinances, rules and regulations. The apartments have not been in existence for five years.

ATTACHMENT TO
EXHIBIT "C"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
A	\$ 83.00 x 12 = \$ 996.00
B	\$ 83.00 x 12 = \$ 996.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services	\$ 0.00 x 12 = \$ 0.00
Air Conditioning	
Electricity	
[] common elements only	
[] common elements and apartments	
Gas	
Refuse Collection	
Telephone	
Water and Sewer	
Maintenance, Repairs and Supplies	\$ 0.00 x 12 = \$ 0.00
Building Grounds	
Management	\$ 0.00 x 12 = \$ 0.00
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance	\$ 0.00 x 12 = \$ 0.00
Reserves	\$ 0.00 x 12 = \$ 0.00
Taxes and Government Assessments	\$ 83.00 x 12 = \$ 996.00
Audit Fees	\$ 0.00 x 12 = \$ 0.00
Other	\$ 0.00 x 12 = \$ 0.00
 TOTAL	 \$ 996.00

I/We, ROGER K. BRASEL , as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


 Date: May 13, 1992

HUALALAI II

EXHIBIT "C"

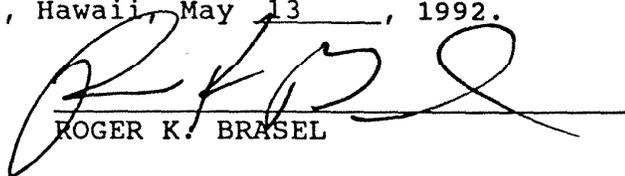
Estimate of Initial Maintenance Fees and Disbursements

The regular maintenance and repair of each apartment and the limited common elements appurtenant to each apartment is the sole responsibility of each respective apartment owner. There are no common elements which will require maintenance and repair by the Association. The payment of all utility services for each apartment is the sole responsibility of each respective apartment owner. As a result, Developer anticipates that there will not be assessments for maintenance fees.

Fire insurance is required to be purchased to cover the improvements portion of the Project by §514A-86, Hawaii Revised Statutes. Developer anticipates that the Association will elect, pursuant to paragraph XIV of the Declaration, to obtain separate policies for each apartment and name the Association of Apartment Owners as an additional insured, the premiums for which will be the sole responsibility of and be paid by each respective apartment owner.

I, Roger K. Brasel, Agent for Developer, hereby certify that the above estimate of initial maintenance fees and disbursements are true and accurate to the best of my knowledge.

DATED: Kailua-Kona, Hawaii, May 13, 1992.



ROGER K. BRASEL

End of EXHIBIT "C"

Reviewed by: _____
(Print)

_____, Broker in Charge, Authorized Signature

Reference Date: _____

DEPOSIT RECEIPT

Received from _____ herein called Buyer the sum of \$ _____
in the form of _____ as an initial deposit on account of this offer. Receipt is acknowledged by (Broker)

Broker's firm and address _____

PHONES (Home) _____ (Bus.) _____

OFFER

1. PURCHASE PRICE: _____
2. PROPERTY DESCRIPTION: Tax Map Key Division _____ /Zone _____ /Sec _____ /Plat _____ /Parcel _____ /HPR _____
(a) Realty: All of that (leasehold) (fee simple) property situated at _____
_____ Hawaii, described as follows: _____

(b) Seller's Real Property Disclosure Statement dated _____ (has) (has not) been received by Buyer. If
not, address in paragraph 8, Special Terms.

(c) Sale Includes: All built-in furniture, attached fixtures, built-in appliances, water heater, electrical and/or gas and plumbing fixtures, attached
carpeting, existing drapes, and the following items if checked: Chandelier () ; Range () ; Refrigerator () ; Disposal () ; Dishwasher () ;
Compactor () ; Washer () ; Dryer () ; Air Conditioner () ; TV Antenna () ; TV Cable () ; and _____

(furnishings and pool equipment per attached inventory, if any). Specifically excluded: _____

(d) Title: Seller agrees to convey the property with warranties vesting marketable title in Buyer, free and clear of all liens and encumbrances
except _____
and any other covenants, easements, reservations or restrictions now of record which do not materially affect the value of the property.

(e) Assessments: _____ shall be (paid by Seller at closing) (assumed by Buyer).

3. FINANCING: Buyer agrees to pay said purchase price as follows:

ADDITIONAL DEPOSIT: \$ _____ In cash to be made on or before _____

\$ _____ in cash at closing including all deposits herein.

\$ _____ by way of _____

\$ _____

\$ _____ Total Purchase Price (see paragraph #1 above)

4. CLOSING: Closing will be on or before _____, 19_____. Escrowed by _____

5. OCCUPANCY: Seller agrees to give Buyer occupancy at closing or on _____, 19_____.
6. PRORATIONS: Property taxes, lease rents, interest on assumed obligations, mortgage insurance premiums, other insurance premiums,
maintenance fees, tenants' rents, if applicable, and _____ shall be prorated as of the date of closing or on _____, 19_____.
_____ Tenants' security deposit, if any, shall be charged to Seller and credited to Buyer at closing.

7. TENANCY: Title shall vest in Buyer(s) as follows: _____
print full legal name(s) and marital status (no initials)

_____ Tenancy: _____

8. SPECIAL TERMS: (Please number) _____

9. AGENCY DISCLOSURE: By placing their initials here, Buyer: () and Seller: () acknowledge that _____
and all its salespeople represent the _____ and that oral or written disclosure was provided before the signing of this offer.

10. AGREEMENT TO BUY: Buyer agrees to buy the property on the terms and conditions contained herein including The Standard Terms On The
Reverse Side, acknowledges receipt of a copy hereof, and agrees that this offer shall be binding if accepted by Seller before _____
AM/PM _____, 19_____. Offer Date _____, 19_____. AM/PM _____.

Buyer's address: _____ Buyer _____ signature _____
_____ SS# _____

Phones: (Home) _____ (Bus.) _____ Buyer _____ signature _____
_____ SS# _____

ACCEPTANCE

11. AGREEMENT TO SELL: Seller agrees to sell the property at the price and terms offered above, including The Standard Terms On The
Reverse Side, and acknowledges that he has been given a copy of this offer.

12. SELLER'S AGREEMENT TO PAY COMMISSION: I agree to pay to _____ a commission for the
above sale of _____ in U.S. dollars. I hereby instruct escrow to pay your commission directly to you at closing. I
agree that I cannot change these instructions without your written consent. Unless otherwise agreed upon, I give you permission to share this
commission as you see fit with the real estate company named here in the DEPOSIT RECEIPT section of this agreement. In the event of Buyer's default,
if I retain the deposit(s), I agree to pay you one half of the amount I retain, but you shall not be paid more than what would have been your full commission.
Date _____, 19_____. AM/PM _____.

Seller's Name _____ Signature _____
print full legal name

Seller's Tax Identification # to be reported to IRS _____ Signature _____

Seller's Name _____ Signature _____ Owner occupant () Other ()
print full legal name

Seller's Tax Identification # to be reported to IRS _____ Phones: (Home) _____ (Bus.) _____

Seller's Address _____
Seller's Address _____

ACKNOWLEDGEMENT OF ACCEPTANCE: The undersigned acknowledge that he has been given a copy of the acceptance of this offer.

EXHIBIT D

A. CONTRACT:

This is more than a receipt for money. It is a legally binding contract. It is a preliminary

B. EVIDENCE OF TITLE:

Seller shall provide evidence of title from a licensed abstractor showing Seller's marketable title to the interest which is to be conveyed to Buyer. If Seller fails to provide title as herein provided, Buyer at his option may terminate this agreement and any deposits shall be returned to Buyer. The foregoing shall not exclude any other remedies available to Buyer.

C. STAKING:

Seller shall order and pay for the cost of staking by a licensed surveyor if stakes are not visible. If Buyer wishes to confirm the accuracy of staking, he may order a survey prior to closing and Seller agrees to reimburse Buyer for the cost of this survey on or before closing only if the original stakes prove to be inaccurate. This provision does not apply to a condominium or cooperative apartment.

D. CUSTOMARY CLOSING COSTS (Except as Noted Herein):

Expenses to be paid by Buyer	Expenses to be paid by Seller
Continuation of Title Evidence	Certificate of Title/Lien Letter
Title Insurance (Less Seller's Cost of)	Drafting of Deed or Assignment
Certificate of Title/Lien Letter	Recording of Lease
Drafting of Agreement of Sale	VA or FHA Discount Points When Applicable
Drafting of Mortgage and Note	Drafting of Seller's Consents
Drafting of Buyer's Consents	Drafting of Bill of Sale
Mortgage Assumption Fee	Seller's Notary Fee
Buyer's Notary Fee	Seller's Consent Fee
Buyer's Consent Fee	Conveyance Tax
All Recording Fees except Documents to	1/2 Escrow Fee
Clear Seller's Title	Survey and Staking
1/2 Escrow Fee	Pest Control Inspection Report
Condo Ownership Transfer Fee	Pest Control Treatment
FHA Discounts When Applicable	

E. PEST CONTROL:

Seller shall delivery to Buyer through escrow a report from a licensed pest control company stating that there is no live visible wood destroying pest infestation in the improvements described herein. Seller shall pay for wood destroying pest extermination treatment if it is required in order to furnish the report.

F. SELLER'S LIMITED WARRANTY:

Seller warrants and Buyer will acknowledge in writing that all major mechanical plumbing and electrical and/or gas fixtures included in the sale will be in working order consistent with their age as of the date of closing or occupancy, whichever is earlier. No continuing warranty is expressed or implied.

G. RISK OF LOSS AND INSURANCE:

Risk of loss and responsibility for insurance coverage passes to buyer upon transfer of title or occupancy whichever comes first.

H. DEFAULT:

It is expressly understood and agreed: First, in the event Buyer fails to pay the purchase price or complete the purchase as herein provided, Seller may (a) bring an action for damages for breach of contract for the full purchase price, the initial deposit and all additional deposits provided for herein, as liquidated damages; and (b) Buyer shall be responsible for any cost incurred in accordance with this contract. Second, in the event Seller fails to perform his obligations as herein provided, Buyer not being in default, Buyer may bring an action against Seller for damages for breach of contract; (b) file and maintain an action against Seller for specific performance of this contract; and (c) Seller shall be responsible for any cost incurred in accordance with this contract. The foregoing shall not exclude any other remedies available to either Seller or Buyer. In the event of default and/or a lawsuit arising out of this contract (including a suit by a Seller's Broker for commission) the prevailing party shall be entitled to recover all costs incurred including reasonable attorney's fees. All expenses incurred by escrow shall be deducted from proceeds to funds prior to any disbursement to the prevailing party.

I. CLOSING:

For the purpose of this contract closing shall be the date upon which all documents are recorded. Buyer and Seller agree to execute appropriate or customary documents when requested to do so.

J. CONSENT:

The obligations of Buyer or Seller hereunder are conditioned upon obtaining those necessary consents of vendors, existing mortgagees, lessors and/or condominium, co-op or other such associations, Buyer or Seller, agree to execute and take all reasonable action to obtain such consents.

K. TIME IS OF THE ESSENCE:

If either Buyer or Seller for reasons beyond his control cannot perform his obligation to purchase or sell the property by the closing date, then such party by giving escrow written notice prior to the closing date called for in this contract with copies to all parties to this contract, can extend closing for no longer than 30 calendar days to allow performance. Thereafter time is of the essence and the default provisions of Paragraph H. apply. Any further extension must then be agreed to in writing by both parties. There is no automatic right to extend. This provision relates only to the extension of the closing date.

L. OBLIGATIONS:

Seller's Broker shall not be held liable to either Buyer or Seller for the failure of either to perform their obligations pursuant to this contract.

M. CONFLICT:

Handwritten or typed provisions herein shall supersede any printed provisions in this contract if there is a conflict.

N. PERMISSION:

Seller's Broker has Buyer's and Seller's permission to supply data to Multiple Listing Service regarding the sales price and terms of this transaction for use by Seller's Brokers in making market studies, providing service to the public and advising their clients.

O. COMPLETE AGREEMENT:

This contract constitutes the entire agreement between Buyer and Seller and supersedes and cancels any and all prior negotiations, representations, warranties, understandings or agreements (both written and oral) of Buyer and Seller. No variation or amendment of this contract shall be valid or enforceable without written approval by Buyer and Seller.

IMPORTANT: PLEASE SEPARATE DROA COPIES BEFORE EXECUTING COOPERATING REALTOR'S SEPARATE AGREEMENT OR SIGNATURES WILL COPY THROUGH TO OTHER SIDE.

COOPERATING REALTOR'S SEPARATE AGREEMENT

Seller's Broker agrees to pay to Cooperating Broker through _____ the following amount _____ in consideration of assistance given by Cooperating Broker in the sale. Seller retains Buyer's deposit money as liquidated damages and Seller's Broker is paid a portion of the deposit as stated in paragraph _____. Seller's Broker will share 1/2 of the amount paid with Cooperating Broker.

Date _____ 19____

Seller's Broker _____ (name of Broker firm) Cooperating Broker: _____ (name of Broker firm)

Office ID Number: _____ Phone Number: _____

By _____ By _____

Address _____ Address _____

Phone _____ Phone _____

EXHIBIT "E"

SUMMARY OF PERTINENT PROVISIONS OF ESCROW CONTRACT

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

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says that, upon default under the sales contract by purchaser, the seller may retain Buyer's initial deposit.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

End of EXHIBIT "E"