

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by:

Developer: Steadfast ELA, LLC

Address: 20320 S.W. Birch Street, Suite 300, Newport Beach, CA 92660-1725

Project Name(*): ELIMA LANI CONDOMINIUMS (FKA "The Villages")

Address: 68-3883 Lua Kula Street, Waikoloa, HI 96738

Registration No. 4542

Effective date: January 30, 2001

Expiration date: February 30, 2002

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

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 by the developer when complete information is filed.

 X **FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with _____.

 SUPPLEMENTARY: This report updates information contained in the:
(pink) [] Preliminary Public Report dated: _____
[] Final Public Report dated: _____
[] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports
[] Must be read together with _____
[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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:

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 and metes and bounds descriptions on 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 the property lines of legally subdivided lots.

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

***Note:** Developer has filed with the County Planning Department the Notice of Intention, proposed condo map and plot plan and public report. To date, there has been no response.

In the event that the County objects to certain aspects of the project, which the Commission deems material, Developer shall file a Supplementary Public Report addressing such concerns.

Prospective purchasers are advised that as of the effective date of this report, no additional comments have been received from the Hawaii County Planning Department. If and when such additional comments are received which are contrary or in addition to the information contained herein, a copy shall be provided to each purchaser or prospective purchaser. If the information represents material facts not already disclosed in this public report, the Commission may require the Developer to prepare a Supplementary public report.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARDS 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 the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expense. 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 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 project's 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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Steadfast ELA, LLC Phone: (949) 852-0700
Name* (Business)
20320 S.W. Birch Street, Suite 300, Newport Beach, California 92660-1725

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):
The manager is ELA Partners, a California general partnership ("ELA"). The members are ELA and Steadfast Holdings II, LLC, a California limited liability company.

Real Estate Broker*: John Patterson Phone: (808) 875-1279
Name (Business)
40 Waikai Street
Business Address
Wailea, Maui, HI 96753

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

General Contractor*: (Not applicable - construction completed) Phone: _____
Name (Business)

Business Address

Condominium Managing Agent*: Triad Management Inc. Phone: (808) 329-6402
Name (Business)
Palm Terrace, 74-5615 Luhia Street
Business Address
Kailua Kona, Hawaii 96740

Attorney for Developer: Robert D. Triantos Phone: (808) 329-6464
Name (Business)
Carlsmith Ball LLP
Business Address
75-1000 Henry Street, Kailua-Kona, HI 96740

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

- 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. _____
Book 22997 Page 468
 Filed - Land Court Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

Amendment to Declaration Book 23053 Page 798
First Amended and Restated Declaration Document No. 2000-180892
of Condominium Property Regime

- 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 the condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 1195
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Amendment to Condominium Map Document No. 2000-180893
No. 1195

- 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 manner in which meetings will be conducted, whether pets are prohibited or allowed 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. _____
Book 22997 Page 503
 Filed - Land Court Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

First Amended and Restated Bylaws Document No. 2000-180892
of the Association of Apartment Owners

- D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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 for projects with five or fewer apartments.

**Board has discretion to adopt and amend house rules.

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 to itself the non-exclusive right to grant from time to time within the Common Elements, easements and rights-of-way over, under, and across the Common Elements for utilities, sanitary and storm sewers, drains, cable television and other utility services, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any Apartment. During the sales period, the Developer has reserved the right to conduct sales activities at the project. The Developer has also reserved the right and easement for completion of improvements to and correction of defects at the Project.

Developer shall have the right to conduct extensive sales activities on the Project, including the use of model Apartments, sales and management offices, and extensive sales displays and activities until the earlier to occur of: (a) forty-eight (48) months from the date of the recording in the Bureau of Conveyances of the first Apartment deed conveying an Apartment or (b) the closing of the sale of the last unsold Apartment in the Project. In the event

that the Developer is unable to sell all of the Apartments within the forty-eight (48) month period, Developer shall have the right to conduct sales activities on the Project until the closing of the sale of the last unsold Apartment in the Project provided that such sales activities are conducted in a an unobtrusive manner which will not reasonably interfere with the use, possession and aesthetic enjoyment of the Project by the other Apartment Owners. In the event that Developer's mortgage lender or any successor to or assignee of the Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed in lieu of foreclosure, such mortgage lender, its successors and assigns shall have the right to conduct such extensive sales activities on the Project until at least ninety-five percent (95%) of all the Apartments constructed or to be constructed have been sold and their conveyance documents recorded, notwithstanding the foregoing.

Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over, under and upon the Project as may be reasonably necessary for the completion of Improvements to and correction of defects in the Project. Such easement shall terminate twenty-four (24) months after the later of (i) the date of the recording in the Bureau of the first Apartment deed conveying an Apartment, or (ii) "date of completion" (as that term is defined in HRS § 507-43(F)) of the Improvement to be completed or corrected. Such period shall be extended for such additional period (not to exceed twenty-four (24) months) as may be reasonably necessary for the completion of such improvements in the exercise of due diligence or such additional period as may become necessary of such completion is delayed by reason of force majeure.

Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over, under and upon the Project, or any portion thereof, to create and cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of any Apartment or other Improvements.

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purposes of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 68-3883 Lua Kula Street Tax Map Key: (3) 6-8-003: 004 and 038
Waikoloa, South Kohala, Hawaii 96738 (TMK)

Address TMK is expected to change because _____

Land Area: 11.151 square feet acre(s) Zoning: R.M. - 1.5

5. Special Use Restrictions:

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

- Pets: There are restrictions as to the number and types of pets that can be kept at the project
 Number of Occupants: _____
 Other: Only uses allowed by Hawaii County Code and State land use laws.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>216</u>	<u>2/2</u>	<u>854</u>	<u>108</u>	<u>Lanai</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Apartments: 216

***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:

Each Apartment shall be deemed to include: (i) the walls and partitions which are not load-bearing and which are within the perimeter walls, and (ii) doors and door frames, windows and window frames, the inner decorated or finished surfaces of the walls, floors, and ceilings surrounding the Apartment, and the air space within the perimeters of the Apartment.

Permitted Alterations to Apartments:

Each Apartment Owner shall the right, at the sole cost and expense of such Owner, to install, modify, and remove partitions and mezzanines, to paint, paper, panel, plaster, tile, finish and do other such work on the interior surfaces of the ceilings, floors and walls of the Apartments, to substitute new finished surfaces for the finished surfaces then existing in said ceilings, floors and walls, and to finish alter or substitute any plumbing, electrical or other such fixtures attached to said ceilings, floors or walls, all of which shall be subject to the approval of the Board as may be required by the Act; provided, however, that this section shall not be construed as permitting interference with or damage to the structural integrity of any building or interference with the use and enjoyment of the Common Elements by other Owners or violation of any building or fire codes.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for this apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has _____ elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 371

	<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 each unit)	<u> </u>	<u>216</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>216</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u>28</u>	<u> </u>	<u>123</u>	<u> </u>	<u> </u>	<u>151</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u>4*</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Total Covered & Open	<u> </u>	<u>248</u>	<u> </u>	<u>123</u>	<u> </u>	<u> </u>	<u>371</u>

*Four (4) stalls are reserved for handicapped parking.

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

Commercial parking garage permitted in condominium project.

Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: The project has two (2) separate recreation areas, each with a swimming pool, spa and entertainment cabana

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
 (For conversions of residential apartments in existence for at least five years):

<u>Item</u>	<u>Condition</u>	<u>Expected Useful Life</u> <u>As of 10/20/00</u>
Pavement-Asphalt	Good	12 years
Roofing-Shingles	Average	7 years
Pavement-Blacktop	Average	5 years
Building Exterior	Average	7 years
Concrete Sidewalks	Average	14 years
Building Exterior-Elec. & Phone Panel Exterior Doors	Average	14 years
Exterior Paint	Good	6 years
Irrigation System	Average	2 years
Jacuzzi Spa Tile	Average	2 years
Mail Boxes-Aluminum Gang Type	Average	12 years
Parking Lot Light Poles & Fixtures	Average	17 years
Pool Area Fencing	Above Average	7 years
Pool Bathrooms	Average	12 years
Pool Equipment (North)	Average	7 years
Pool Equipment (South)	Poor	2 years
Pool Plaster (North)	Average	0 days
Pool Plaster (South)	Good	10 years
Repair/Seal Concrete Pool Decks	Average	8 years

11. 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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit B.

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 use them, as described in the Declaration, are:

described in Exhibit B*.

as follows:

* Note: Land areas referenced herein are not legally subdivided lots.

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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit _____.

as follows:

All units except unit 905 have a 0.4629% fractional interest in the common elements. Unit 905 has a 0.4765% fractional interest in the common elements.

The foregoing percentages were calculated to provide each apartment owner with a roughly equal percentage of common interest in the condominium project.

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit C describes the encumbrances against the title contained in the title report dated November 2, 2000 and issued by Title Guaranty of Hawaii Incorporated.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
First Mortgage, as amended	All of buyer's money will be returned to buyer.*
Second Mortgage	All of buyer's money will be returned to buyer.*
Three Financing Statements	All of buyer's money will be returned to buyer.*

*Subject to an escrow cancellation fee not to exceed \$250
(See Exhibit F herein).

F. 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:

Developer makes no express warranties. DEVELOPER DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENTS, THE COMMON ELEMENTS OR THE PROJECT.

Developer disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which a buyer may encounter with respect to the apartments or the project.

2. Appliances:

None.

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

Construction was completed in 1988.

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

None.

IV. CONDOMINIUM MANAGEMENT

- A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- | | | |
|--|--------------------------|---|
| <input checked="" type="checkbox"/> not affiliated with the Developer | <input type="checkbox"/> | the Developer or the Developer's affiliate. |
| <input type="checkbox"/> self-managed by the Association of Apartment Owners | <input type="checkbox"/> | other _____ |

- B. **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.

Exhibit D contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **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:

- None Electricity (Common Elements only ___ Common Elements & Apartments)
- Gas (Common Elements only ___ Common Elements & Apartments)
- Water Sewer Television Cable
- Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated December 18, 2000
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Specimen owner-occupant reservation agreement and affidavit of intention.

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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 Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4542 filed with the Real Estate Commission on December 26, 2000.

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

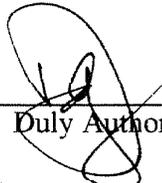
yellow paper stock white paper stock pink paper stock

C. Additional Information Not Covered Above

1. Mailboxes. Each apartment has its own mailbox.
2. This project was submitted to a condominium property regime in February 1989 as “The Villages”, but no public report was ever requested of the Real Estate Commission and thus, no apartments were ever sold. While not technically a condominium conversion, purchasers should be aware that the apartments have been in use for about 12 years and that no warranties apply. Since the project is being sold via a Public Report under HRS 514A, the developer is exempt from making many disclosures customarily made by sellers under HRS Section 508-D, the Mandatory Seller’s Disclosure Law. Therefore, prospective purchasers are urged to inspect the apartments carefully as in most “as-is” sales.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

STEADFAST ELA, LLC, a California Limited Liability Company
Printed Name of Developer

By:  _____ December 1, 2000
Duly Authorized Signatory Date

Robert F. Emery, Manager of Beacon Bay Holdings, LLC, a Delaware limited liability company, who is the Managing General Partner of ELA PARTNERS, a California general partnership, who is the Manager of STEADFAST ELA, LLC, a California limited liability company
Printed Name & Title of Person Signing Above

Distribution:

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

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

ELIMA LANI CONDOMINIUMS

EXHIBIT "A"

DESCRIPTION OF BUILDINGS AND APARTMENTS

1. **Description of the Buildings:** The Project is shown on the Condominium Map and consists of twenty-seven (27) two-story residential buildings with no basements, and related outbuildings. Each of the residential buildings contains eight (8) Apartments, for a total of two hundred sixteen (216) Apartments. The buildings and Apartments are constructed principally of wood, metal, and glass. If the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended only to show the layout, location, Apartment numbers, dimensions and elevations of the Apartments and is not intended and shall not be deemed to contain or make any other representation or warranty.

2. **Description of the Apartments:** The Project consists of two hundred sixteen (216) freehold estates in the spaces within the perimeter walls, floors, and ceilings of the two hundred sixteen (216) Apartments. Each of the two hundred sixteen (216) Apartments shown on the Condominium Map are designated as the Apartments of the Project. Of the two hundred sixteen units, four (4), shall be specifically designated for disabled residents: Apartments 2002, 2202, 2504, and 2601. Apartments 905 and 906 shall be set aside for occupancy by the resident manager of the Project.

a. **Apartment Numbers and Locations.** The Apartment numbers and the location of Apartments are shown on the Condominium Map. Buildings are designated by numbers from 1 - 27. Apartments located in buildings 1-9 are designated by a three-digit number, the first digit of which indicates the building in which the Apartment is located. Apartments located in buildings 10-27 are designated by a four digit number, the first two digits of which indicate the building in which the Apartment is located. The last two digits of each Apartment number indicate the location of the Apartment within the building. Apartment numbers ending in 01 - 04 are located on the first floor of the building, and Apartment numbers ending in 05 - 08 are located on the second floor of the building. There are four (4) Apartments on the first floor and four (4) Apartments on the second floor of each of the twenty-seven (27) residential buildings.

b. **Layout and Area.** Each of the two hundred sixteen (216) Apartments consists of two bedrooms, one bath, a living/dining room, a kitchen and a covered lanai. All of the Apartments are of a single layout and design. The approximate net floor area of each Apartment is 962 square feet (854 square feet of living area and 108 square feet of covered lanai). The foregoing approximate total square footage of the enclosed portions of the Apartments is computed from and to the interior surfaces of the Apartment perimeter walls,

including lanais, if any, and no reduction is made to account for interior load-bearing walls, ducts, vents, shafts and the like located within the perimeter walls.

END OF EXHIBIT "A"

ELIMA LANI CONDOMINIUMS

EXHIBIT "B"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. Common Elements. One freehold estate is designated in all remaining portions of the Project, herein called the "Common Elements", including specifically, but not limited to:

- a. The Land in fee simple.
- b. All foundations, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, stairs and stairways, and entrances and exits of said buildings.
- c. All driveways, sidewalks, parking areas, yards gardens, trash areas, loading zones and recreational facilities, storage spaces, and outdoor cooking area, if any.
- d. All grounds and landscaping, if any, whether within or appurtenant to the Project.
- e. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- f. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.
- e. Any area labeled common area on the Condominium Map.

2. Limited Common Elements. Certain parts of the Common Elements, herein called the "Limited Common Elements", are designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Apartment to which the Limited Common Element is appurtenant, and if there is more than one Apartment to which the Limited Common Element is appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided in this Paragraph.

a. One (1) automobile parking stall shall be assigned to each of the Apartments as designated in Exhibit "B" of the Declaration, as amended, upon the original

conveyance thereof and shall be appurtenant to and for the exclusive use of such Apartment. There are three hundred seventy-one (371) parking stalls all numbered consecutively. Four (4) are stalls reserved for disabled parking. The unassigned parking spaces shall be Common Elements for guest and general parking purposes subject to such reasonable regulations as the Board of Directors may adopt by House Rule. Any parking space easement appurtenant to an Apartment may be transferred from Apartment to Apartment in the Project by way of amendment to the Declaration as provided therein and as provided in Section 514A-14, Hawaii Revised Statutes, as may be amended.

b. Entry patios, porches, decks, steps, entry walkways and stairways which are used only for the purposes of ingress to and egress from a particular Apartment shall be appurtenant to and for the exclusive use of said Apartment.

c. All Common Elements of the Project which are rationally related to less than all of the Apartments shall be Limited Common Elements appurtenant to the Apartment(s) to which they are so related.

END OF EXHIBIT "B"

ELIMA LANI CONDOMINIUMS

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

1. Any and all Real Property Taxes that may be due and owing. Check with the County Tax Office for additional information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. -AS TO PARCEL FIRST:-

EASEMENT "SD-2" for sight distance purposes, being a portion of R. P. 5671, L. C. Aw. 8521-B, Apana 1 to G. D. Huelo, being also a portion of Lot 113 of Waikoloa Village, Unit 1-A (File Plan 1188), situate at Waikoloa, South Kohala, Hawaii, contained in DECLARATION OF SIGHT DISTANCE COVENANT dated August 25, 1988, recorded in Liber 22284 at Page 713, and being more particularly described as follows:

Beginning at the east corner of this parcel of land, and on the northerly side of Lua-Kula Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUUHINAI" being 9,882.13 feet north and 4,611.32 feet west, thence running by azimuths measured clockwise from true South

1. Along the northerly side of Lua-Kula Street, on a curve to the right with a radius of 470.00 feet, the chord azimuth and distance being:

124°	07'	45.5"	401.97	feet;
------	-----	-------	--------	-------
2. 321° 32' 117.49 feet along the remainder of Lot 113 of Waikoloa Village, Unit 1-A (File Plan 1188);
3. 297° 13' 291.99 feet along the remainder of Lot 113 of Waikoloa Village, Unit 1-A (File Plan 1188) to the point of beginning and containing an area of 5,155 square feet, more or less.

ELIMA LANI CONDOMINIUMS

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

4. AS TO PARCEL SECOND:-

DESIGNATION OF EASEMENT "SD-1"

PURPOSE : sight distance
SHOWN : on File Plan No. 1929 and in instrument dated August 25, 1988, recorded in Liber 22284 at Page 713

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF PROTECTIVE COVENANTS
DATED : May 27, 1971
RECORDED : Liber 7577 Page 66

Said Declaration was amended and/or supplemented by instruments recorded in Liber 7577 at Page 94, Liber 8026 at Page 291, Liber 8306 at Page 196, Liber 9360 at Page 369, Liber 9794 at Page 32, Liber 9956 at Page 597, Liber 10701 at Page 5, Liber 10706 at Page 490, Liber 13453 at Pages 142 and 147, Liber 13588 at Page 658, Liber 13904 at Page 310, Liber 14266 at Page 453, Liber 15016 at Page 403, Liber 18999 at Page 418, Liber 19199 at Page 37, Liber 20893 at Page 418, Liber 21761 at Page 582, Liber 22070 at Page 414, Liber 22127 at Page 733, Liber 22361 at Page 1, Liber 22791 at Page 30, Liber 23172 at Pages 387 and 414, Liber 23182 at Page 398, Liber 23806 at Page 238, as Document No. 90-029591, as Document No. 91-077792 (Joinders recorded as Documents Nos. 91-077793, 91-077794 and 91-077795), and as Document No. 96-013206.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF SIGHT DISTANCE COVENANT
DATED : August 25, 1988
RECORDED : Liber 22284 Page 713

EXHIBIT "C"

ELIMA LANI CONDOMINIUMS

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF HORIZONTAL PROPERTY REGIME
FOR "THE VILLAGES" CONDOMINIUM PROJECT

DATED : February 13, 1989
RECORDED : Liber 22997 Page 468
MAPS : 1195 any amendments thereto

Said Declaration was amended by instrument dated April 6, 1989, recorded in Liber 23053 at Page 798.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT
OWNERS

DATED : February 13, 1989
RECORDED : Liber 22997 Page 503

9. Any unrecorded leases and matters arising from or affecting the same.
10. Encroachments or any other matters as shown on survey map prepared by Alden S. Kajioaka, Land Surveyor, with Controlpoint Surveying, Inc., dated February 12, 1999.
11. MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

MORTGAGOR : STEADFAST ELA, LLC, a California limited liability
company

MORTGAGEE : NEWMAN FINANCIAL SERVICES, INC., a Colorado
corporation

DATED : April 6, 1999

EXHIBIT "C"

ELIMA LANI CONDOMINIUMS

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

RECORDED : Document No. 99-052518
AMOUNT : \$10,200,000.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : February 23, 2000
RECORDED : Document No. 2000-025741

12. FINANCING STATEMENT

DEBTOR : STEADFAST ELA, LLC
SECURED PARTY : NEWMAN FINANCIAL SERVICES, INC.
RECORDED : Document No. 99-052519
RECORDED ON : April 6, 1999

13. FINANCING STATEMENT

DEBTOR : STEADFAST ELA, LLC
SECURED PARTY : NEWMAN FINANCIAL SERVICES, INC.
RECORDED : Document No. 99-092343
RECORDED ON : June 9, 1999

14. FINANCING STATEMENT

DEBTOR : STEADFAST ELA, LLC, a California limited liability
company
SECURED PARTY : CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY
RECORDED : Document No. 2000-079473
RECORDED ON : June 8, 2000

EXHIBIT "C"

ELIMA LANI CONDOMINIUMS

EXHIBIT "C"

ENCUMBRANCES AGAINST THE TITLE

ASSIGNMENT recorded as Document No. 2000-108996 on August 7, 2000; re: above Financing Statement assigned to NEWMAN FINANCIAL SERVICES, INC.

15. NOTICE OF LIEN

IN FAVOR OF : WAIKOLOA VILLAGE ASSOCIATION

DATED : --- (acknowledged August 29, 2000)

RECORDED : Document No. 2000-126654

AMOUNT : \$45,792.00 as of August 1, 2000

16. SECOND MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : STEADFAST ELA, LLC, a California limited liability company

MORTGAGEE : CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California

DATED : May 1, 2000

RECORDED : Document No. 2000-132107

AMOUNT : \$8,000,000.00

ABOVE MORTGAGE ASSIGNED

TO : NEWMAN FINANCIAL SERVICES, INC.

DATED : May 1, 2000

RECORDED : Document No. 2000-132108

NOTE: Subsequent to the issuance of the 11/2/00 title report, items 7 and 8 above were amended. See page 6 of this Public Report for an update on project documents.

EXHIBIT "C"

ELIMA LANI CONDOMINIUMS

EXHIBIT "D"

ESTIMATE OF INITIAL MAINTENANCE FEES

AND

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months - Yearly Total
Each apartment	\$205.26 \$2,463.12

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
Utilities and Services		
Air Conditioning	N/A	
Electricity	\$12.04	\$144.48
<input checked="" type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator	N/A	
Gas	\$1.85	\$22.20
<input checked="" type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$10.19	\$122.28
Telephone	\$.69	\$ 8.28
Water and Sewer	\$46.30	\$555.60
Maintenance, Repairs and Supplies		
Building	\$10.46	\$125.52
Grounds	\$ 4.75	\$ 58.32
Management		
Management Fee	\$ 8.33	\$ 99.96
Payroll and payroll Taxes	\$58.56	\$702.72
Office Expenses	\$.69	\$ 8.28
Insurance	\$15.09	\$181.08
Reserves(*)	\$28.94	\$347.28
Taxes and Government Assessments	\$.42	\$5.04
Audit Fees	\$.93	\$11.16
Other		
Legal Fees	\$.23	\$2.76
Dues & Subscriptions	\$.12	\$1.44
Security Service	\$5.56	\$66.72
TOTAL	\$205.26	\$2,463.12

I, Tom Metz, as agent for/and/or employed by Triad Management, Inc., the condominium managing agent/developer for the ELIMA LANI CONDOMINIUMS 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.

Tom Metz
Signature

December 8, 2000
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve

study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514-83.6, HRS, an association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

DEVELOPER'S STATEMENT REGARDING RESERVES

Developer retained Armstrong & Associates, Inc. of Honolulu, Hawaii (reserve specialists) to prepare a reserve study for the Project in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. Armstrong & Associates issued its 2001 Reserve Study for Elima Lani on October 24, 2000.

ELIMA LANI CONDOMINIUMS

EXHIBIT "E"

SUMMARY OF SALES CONTRACT

The sales contract that will be used will state, in addition to the price, description and location of the apartment, and other terms and conditions under which a buyer will agree to purchase an apartment in the Project, the following:

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

(b) That a buyer's money will be held in escrow, under the terms of the escrow agreement.

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

(d) That in the event buyer fails to perform buyer's obligations under the sales contract (seller not being in default), seller may (1) bring an action for damages for breach of contract, (2) retain the initial deposit and all additional deposits provided for herein as liquidated damages, and (3) buyer shall be responsible for any costs incurred in accordance with the sales contract.

(e) That in the event seller fails to perform seller's obligations under the sales contract (buyer not being in default), buyer may (1) bring an action for damages for breach of contract, (2) seek specific performance of the sales contract, and (3) seller shall be responsible for any costs incurred in accordance with the sales contract.

(f) That seller may unilaterally cancel the sales contract at any time before closing if buyers of at least one hundred (100) units at the Project have not executed sales contracts for such units and qualified for any necessary mortgage loans within six (6) months of the commencement of sales activity by seller.

The sales contract will contain various other provisions which the buyer should become acquainted with.

It is incumbent on the buyer that he read the full text of the Sales Contract.

END OF EXHIBIT "E"

ELIMA LANI CONDOMINIUMS

EXHIBIT "F"

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

A copy of the executed Condominium Escrow Agreement dated December 18, 2000, between Title Guaranty Escrow Services, Inc., as Escrow Agent, and Developer, has been filed with the Commission. The Escrow Agreement provides for the deposit of buyer's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides, in part, that any interest earned on money on deposit may be retained by the Developer unless the Sales Contract directs otherwise. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a buyer to a refund of buyer's deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund buyer's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

By law the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00). Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes.

It is incumbent upon a prospective buyer to read the executed Escrow Agreement with care.

END OF EXHIBIT "F"