

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer KAUIHALE VILLAS LLC
Address 1800 Alii Place (GOA), 1099 Alakea Street, Honolulu, Hawaii 96813
Project Name (*): KAUIHALE VILLAS AT HUALALAI
Address: Pakui Street, Kaupulehu-Kona, Hawaii 96740

Registration No. 4548 Effective date: May 10, 2001
Expiration date: June 10, 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.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
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 as Exhibit G 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 developer.

Changes made are as follows:

1. The Declaration of Condominium Property Regime, the By-Laws of the Association of Apartment Owners, and the Condominium Map have been recorded in the Bureau of Conveyances of the State of Hawaii. Prior to recordation, the Declaration of Condominium Property Regime, the By-Laws and the Condominium Map were revised since the issuance of the Preliminary Public Report.
2. The House Rules have been adopted.
3. The forms of the Reservation Instrument and the Apartment Deed have been modified since the issuance of the Preliminary Public Report.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Real Estate Broker	
Attorney for Developer	
Escrow Company	
General Contractor	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: BOUNDARIES OF EACH APARTMENT	
EXHIBIT B: PERMITTED ALTERATIONS TO APARTMENTS	
EXHIBIT C: COMMON ELEMENTS	
EXHIBIT D: LIMITED COMMON ELEMENTS	
EXHIBIT E: COMMON INTERESTS AND LIMITED COMMON ELEMENTS	
EXHIBIT F: ENCUMBRANCES AGAINST TITLE	
EXHIBIT G: DISCLOSURE ABSTRACT	
EXHIBIT H: SUMMARY OF SALES AGREEMENT	
EXHIBIT I: SUMMARY OF ESCROW AGREEMENT	

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: Kauhale Villas LLC Phone: (808) 547-5600
Name* (Business)
1800 Alii Place (GOA), 1099 Alakea St.
Business Address
Honolulu, Hawaii 96813

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):

David L. Lazares - Member
Ronald M. Tate - Member

Real Estate Broker*: Hualalai Realty, Inc. Phone: (808) 325-8500
Name (Business)
100 Kaupulehu Drive
Business Address
Kaupulehu-Kona, Hawaii 96740

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 329-6666
Name (Business)
75-170 Hualalai Road, Suite C-310
Business Address
Kailua-Kona, Hawaii 96740

General Contractor*: John F. Metzler dba Phone: (808) 889-0581
Metzler Contracting Co. LLC (Business)
Name
55443 Hawi Road
Business Address
Hawi, Hawaii 96719

Condominium Managing Agent*: Augustine Realty Phone: (808) 326-7170
Name (Business)
74-5620-A Palani Road, Suite 118
Business Address
Kailua-Kona, Hawaii 96740

Attorney for Developer: Goodsill Anderson Quinn & Stifel Phone: (808) 547-5600
(Gail O. Ayabe, Esq.) (Business)
Name
1800 Alii Place, 1099 Alakea Street
Business Address
Honolulu, Hawaii 96813
Mailing Address: P. O. Box 3196
Honolulu, HI 96801

For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), 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. 2001-061660
Book _____ Page _____
 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]:

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 Conveyances Condo Map No. 3250
 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]:

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. 2001-061661
Book _____ Page _____
 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]:

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>	**The Developer's written consent also is required to amend any provision that gives the Developer any right or authority
Declaration (and Condo Map)	75%*	75%**	
Bylaws	65%	65%	
House Rules	--	Majority of the Board of Directors	

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

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:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, or by any governmental agency; (c) to file the "as built" verified statement required by Section 514A-12, HRS.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled 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 canceled or foreclosed.

- Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

[] Other:

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 purpose 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: Pakui Street Tax Map Key (TMK): 7-2-013-008(3)
Kaupulchu Kona, Hawaii 96740

[] Address [] TMK is expected to change because _____

Land Area: 1.536 [] square feet [X] acre(s) Zoning: RM-10

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: No animals including, without limitation, dogs, cats, birds, reptiles, poultry, fish or insects of any kind, shall be raised, bred or kept.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None Trash Chutes: None

<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>1</u>	<u>3/3½</u>	<u>3,158</u>	<u>1,121</u>	<u>Garage/Lanai</u>
<u>B</u>	<u>2</u>	<u>3/3½</u>	<u>3,158</u>	<u>1,121</u>	<u>Garage/Lanai</u>

Total Number of Apartments: 3

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

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

Boundaries of Each Apartment:

SEE EXHIBIT "A"

Permitted Alterations to Apartments:

SEE EXHIBIT "B"

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 those 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.

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	_____X_____	_____	_____
Structures	_____X_____	_____	_____
Lot	_____X_____	_____	_____

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project 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 C .

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 D .

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 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 E .

as follows:

- 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 F describes the encumbrances against the title contained in the title report dated April 30, 2001, 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>
Mortgage lien(s) of Developer's lender(s)	Buyer's interest is specifically made subject and subordinate to such liens.

NOTE: The Developer has notified the Commission that at the time of the first conveyance of each apartment, each of the Developer's lender(s)' liens(s) will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

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:

SEE SECTION 3 OF EXHIBIT G (THE DISCLOSURE ABSTRACT).

2. Appliances:

SEE SECTION 3 OF EXHIBIT G (THE DISCLOSURE ABSTRACT).

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

The Developer estimates that construction of the Project, which commenced in November 2000, will be completed by December 2001.

H. **Project Phases:**

The developer [] has [X] 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):

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:

- not affiliated with the Developer the Developer or Developer's affiliate.
 self-managed by the Association of Apartment Owners 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, a lien may be placed on your apartment and the apartment may be 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.

(Disclosure Abstract)

Exhibit G/ 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 _____

*Common Elements only

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:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit H contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 24, 2000
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
- Other Specimen Limited Warranty

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.

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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 issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- 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 Master Declaration

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) 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. 4548 filed with the Real Estate Commission on January 8, 2000.

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

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C. Additional Information Not Covered Above

1. MASTER DECLARATION. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Master Declaration of Protective Covenants, Conditions and Restrictions and Reservation of Easements for Hualalai at Historic Ka'upulehu recorded in the Bureau of Conveyances of the State of Hawaii, as amended from time to time (the "Master Declaration"). The Master Declaration pro-vides, among other things, that each apartment owner, by virtue of being such an owner, shall be a member of the Hualalai Community Association and shall pay assessments to the Hualalai Community Association, as set forth in the Master Declaration.

2. EASEMENT AREA. A portion of the Project is subject to an easement for access, landscape, rock wall and utility purposes. The easement area is referred to and shown on the Condominium Map as the Access, Landscape, Rock Wall and Utility Easement Area (herein referred to as the "Easement Area"). Kaupulehu Makai Venture, a California general partnership ("KMV"), the developer of the Hualalai Resort, has reserved an easement over Easement Area and has granted or intends to grant to Hualalai Community Association an easement over the Easement Area for access, landscape, rock wall and utility purposes. KMV also may grant to others an easement over the Easement Area for said purposes. Upon the granting to Hualalai Community Association of an easement over the Easement Area, KMV has represented to the Developer that the Hualalai Community Association will be obligated to maintain the Easement Area as provided in the Master Declaration. KMV and the holders of an easement over the Easement Area shall have the right to use and occupy the Easement Area and subject to the provisions hereinafter set forth, may install such golf cartpaths, pedestrian paths, landscaping, fences, walls, utility lines and facilities, lights signs and other improvements as they determine appropriate or desirable for their use of the Easement Area. Neither the owners of the Project nor any of the easement holders shall make, install, maintain, alter, remove, replace, relocate or destroy any fences, wall, signs, paths, structures, buildings, plantings, trees, shrubs or other landscaping, facility or improvement within, or alter the grade or drainage patterns of, the Easement Area, without the prior consent of the others, which consent shall not be unreasonably withheld. Additional information regarding this matter is available from the Developer.

- 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.

 KAUHALE VILLAS LLC
 Printed Name of Developer

By: David L. Lazares April 2 2001
 Duly Authorized Signatory Date

 David L. Lazares, Member
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii

Planning Department, County of Hawaii

** 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.*

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT A

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls, floors and ceilings of the respective apartment as shown on the Condominium Map. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roofs and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls; the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all windows, window frames, louvers (if any), shutters (if any), doors and door frames along the perimeter of the apartment; the garage as shown on the Condominium Map; the lanais as shown on the Condominium Map; and all of the fixtures and appliances originally installed therein (including the air conditioning system).

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT B

PERMITTED ALTERATIONS TO APARTMENTS

Except as otherwise provided in the Declaration, restoration, repair or replacement of the Project or of any Improvement (as defined in the By-Laws) or construction of any additional Improvement or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraph 6 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the Institutional Holders (as defined in the By-Laws) for such apartment (if the Institutional Holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Hawaii if such agencies so require, by the Master Development Review Board or its delegate, by the Board of Directors, and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association) and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the filing by the Developer of the "as-built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded, including, without limitation, changes to the metes and bounds of the limited common elements; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT C

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

- (a) The Land in fee simple;
- (b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, corridors, ramps, fences (if any), entrances, entry ways and exits of all residential apartment buildings of the Project;
- (c) All walkways, roadways, sidewalks, perimeter walls, retaining walls, fences (if any), gates (if any), driveways, parking areas, motor court areas, courtyard areas, yard areas, garden court areas, pool & spa equipment enclosure areas, yards, gardens, grounds, and landscaping, and utility enclosure areas;
- (d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);
- (e) The six (6) regular size, uncovered parking stalls located in the parking areas of the Project, all as shown on the Condominium Map;
- (f) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;
- (g) The limited common elements described in Exhibit D attached hereto.

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT D

LIMITED COMMON ELEMENTS

(a) Each of the parking stalls shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(b) Each of the motor court areas within the Project, designated on the Condominium Map as Motor Court Nos. 1MC, 2MC and 3MC shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(c) Each of the courtyard areas within the Project, designated on the Condominium Map as Courtyard Nos. 1CY, 2CY and 3CY shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(d) Each of the yard areas within the Project, together with the pool and spa located therein, designated on the Condominium Map as Yard Nos. 1Y, 2Y and 3Y shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(e) Each of the garden court areas within the Project, designated on the Condominium Map as Garden Court Nos. 1GC, 2GC and 3GC shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(f) Each of the utility enclosure areas within the Project, designated on the Condominium Map as Utility Enclosure Nos. 1U, 2U and 3U shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(g) Each of the pool & spa equipment enclosure areas within the Project, designated on the Condominium Map as Pool & Spa Equipment Enclosure Nos. 1E, 2E and 3E shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit E attached hereto;

(h) Any walkway, stairway, entrance, entryway, exit, porch or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(i) Any mailbox assigned to an apartment by the Developer or the Association shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT E

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

APT. NO.	APT. TYPE	PARKING STALL NOS.	MOTOR COURT NO.	COURT-YARD NO.	YARD NO.	GARDEN COURT NO.	UTILITY ENCLOSURE NO.	POOL & SPA EQUIPMENT ENCLOSURE NO.	COMMON INTEREST
1	A	1, 2	1MC	1CY	1Y	1GC	1U	1E	33 1/3%
2	B	3, 4	2MC	2CY	2Y	2GC	2U	2E	33 1/3%
3	B	5, 6	3MC	3CY	3Y	3GC	3U	3E	33 1/3%

CONDOMINIUM PUBLIC REPORT ON
KAUIALE VILLAS AT HUALALAI

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. All terms, covenants, conditions, restrictions and reservations contained in the Master Declaration of Protective Covenants, Conditions and Restrictions and Reservation of Easements for Hualalai at Historic Kaupulehu dated May 9, 1996, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 96-109954, as now or hereafter amended and supplemented, including as supplemented by instrument dated November 15, 2000, recorded as Document No. 2000-163597.
4. Designation of Easement "A" for access, cart path, landscape, rock wall and utility purposes, as shown on survey map prepared by Robert K. Y. Lee, Licensed Professional Land Surveyor with R. M. Towill Corporation, dated October 18, 2000, being more particularly described as follows:

Beginning at the west corner of this easement, being also the west corner of Lot 8 of HUALALAI RESORT "A-1" SUBDIVISION (FILE PLAN 2186), the coordinates of said point of beginning, referred to Government Survey Triangulation Station "AKAHIPUU", being 26,371.12 feet north and 6,398.91 feet west and thence running by azimuths measured clockwise from true South:

- | | | | | |
|----|------|-----|-------|----------------------------------------------------------------|
| 1. | 260° | 42' | 34.80 | feet along Lot 6 of Hualalai Resort (Amended)(File Plan 2180); |
|----|------|-----|-------|----------------------------------------------------------------|

Thence along the remainder of Lot 8 of Hualalai Resort "A-1" Subdivision (File Plan 2186), on a curve to the left with a radius of 17.50 feet, the chord azimuth and distance being:

2.	349°	18'	12.5"	18.82	feet;
3.	316°	46'		25.39	feet along the same;
					Thence along the same, on a curve to the right with a radius of 106.00 feet, the chord azimuth and distance being:
4.	310°	25'	39"	21.57	feet;
5.	316°	16'		9.28	feet along the same;
					Thence along the same, on a curve to the right with a radius of 31.50 feet, the chord azimuth and distance being:
6.	325°	40'		10.29	feet;
7.	335°	04'		14.86	feet along the same; Thence along the same, on a curve to the right with a radius of 61.00 feet, the chord azimuth and distance being:
8.	344°	17'		19.54	feet;
9.	353°	30'		12.17	feet along the same;
					Thence along the same, on a curve to the left with a radius of 43.00 feet, the chord azimuth and distance being:
10.	338°	53'		21.70	feet;
					Thence along the same, on a curve to the left with a radius of 75.00 feet, the chord azimuth and distance being:

11.	317°	03'	30"	18.82	feet;
					Thence along the same, on a curve to the left with a radius of 23.50 feet, the chord azimuth and distance being:
12.	292°	34'	54"	13.95	feet;
					Thence along the same, on a curve to the left with a radius of 40.50 feet, the chord azimuth and distance being:
13.	265°	32'	24"	13.75	feet;
14.	345°	46'		2.20	feet;
15.	87°	00'		65.13	feet along the northerly side of Lot 11 of Hualalai Resort "A-1" Subdivision (File Plan 2186);
					Thence along the same, on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being:
16.	127°	53'	36"	26.19	feet;
					Thence along the easterly side of Lot 10 of Hualalai Resort (Amended)(File Plan 2180), on a curve to the left with a radius of 330.00 feet, the chord azimuth and distance being:
17.	156°	04'	47"	145.18	feet to the point of beginning and containing an area of 6,591 square feet, more or less.

5. Terms and provisions of that certain Limited Warranty Deed dated November 21, 2000, recorded as Document No. 2000-163598.
6. Mortgage, Security Agreement and Financing Statement dated November 21, 2000, by and between Kauhale Villas LLC, a Hawaii limited liability company, and Kaupulehu Makai Venture, a California general partnership, recorded as Document No. 2000-163599.
7. Financing Statement recorded as Document No. 2000-163600.
8. Declaration of Condominium Property Regime of Kauhale Villas at Hualalai dated April 2, 2001, recorded in said Bureau as Document No. 2001-061660, as now or hereafter amended. Condominium File Plan No. 3250, as now or hereafter amended. Consent given by Kaupulehu Makai Venture, a California general partnership, dated April 20, 2001, recorded as Document No. 2001-061662.
9. By-Laws of the Association of Apartment Owners of Kauhale Villas at Hualalai dated April 2, 2001, recorded in said Bureau as Document No. 2001-061661, as now or hereafter amended. Consent given by Kaupulehu Makai Venture, a California general partnership, dated April 20, 2001, recorded as Document No. 2001-061662.

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT G

DISCLOSURE ABSTRACT

1. (a) PROJECT: KAUHALE VILLAS AT HUALALAI
Kaupulehu-Kona, Hawaii
 - (b) DEVELOPER: Kauhale Villas LLC
1800 Alii Place (GOA)
1099 Alakea Street
Honolulu, Hawaii 96813
 - (c) CONDOMINIUM
MANAGING AGENT: Augustine Realty
74-5620-A Palani Road, Suite 118
Kailua-Kona, Hawaii 96740
Telephone: (808) 326-7170
2. USE OF APARTMENTS:
 - (a) Number of Apartments in Project for Residential Use: 3
 - (b) Proposed Number of Apartments in Project for Hotel Use: -0-
 - (c) Extent of Commercial or Other Nonresidential Development in Project:
None
 3. WARRANTIES:

(a) Developer warrants that for a period of one year from the date of original conveyance of title to Buyer, the Developer will correct any defect in the floors, ceilings, walls and other structural components of the apartment due to defective materials or workmanship of which Developer receives notice during such one-year period. The foregoing warranty applies only to the structural components of the apartment and to the plumbing, electrical, heating and air conditioning systems, but does not extend to any portion of such systems which is not part of the structural components of the apartment or are otherwise excluded from coverage as provided hereinafter in paragraph (b). Notwithstanding the generality of the foregoing, Developer's warranty shall not cover defects in any appliances or other equipment within the apartment. All appliances and other equipment within the apartment shall be covered solely by the warranties of the respective manufacturers thereof and the warranty periods of such warranties may vary.

(b) Developer does not warrant or assume responsibility for the following items, which are excluded from coverage of Developer's warranty: (i) defects in appliances, equipment or other components of the apartment covered by manufacturers' warranties; (ii) damage due to ordinary wear and tear, abusive use or lack of property maintenance; or (iii) loss or injury due to "Acts of God" such as earthquakes or floods.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Augustine Realty, a Hawaii general partnership, for the one-year period commencing January 1, 2002. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of the Hualalai Community Association dues (anticipated to be \$2,204.00 per year) or real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

6. HUALALAI COMMUNITY ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Hualalai Community Association. As such member, each apartment owner will be required to pay Hualalai Community Association dues. The Hualalai Community Association dues are anticipated to be \$2,204.00 per year.

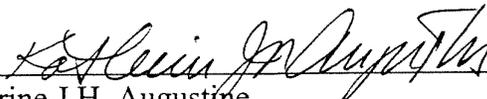
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am a Partner of Augustine Realty, a Hawaii general partnership, designated by the Developer of the KAUHALE VILLAS AT HUALALAI condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

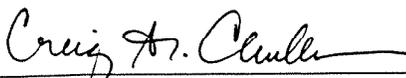
2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 1, 2002, based on generally accepted accounting principles.

DATED: Kailua-Kona, Hawaii, this 4th day of January, 2001.



Katherine J.H. Augustine
Partner

Subscribed and sworn to before me
this 4th day of January, 2001.



Typed or Printed Name: CRAIG S. CAMELLO
Notary Public, State of Hawaii

My Commission expires: 5/15/03

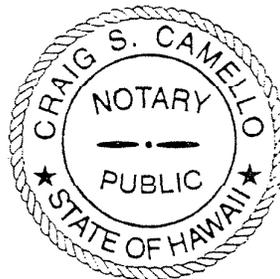


EXHIBIT "A"

KAUHALE VILLAS AT HUALALAI

Estimated Annual Common Expenses

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Utilities and Services</u>		
Electricity (common elements only)	35.00	420.00
Pest Control	300.00	3,600.00
Water and sewer	1,000.00	12,000.00
 <u>Maintenance, Repairs and Supplies</u>		
Facilities	1,300.00	15,600.00
Grounds	2,500.00	30,000.00
 <u>Management</u>		
Legal Fees	100.00	1,200.00
Management Fees	772.00	9,264.00
Office Expenses	100.00	1,200.00
Reserve Study	71.00	852.00
 <u>Insurance</u>	2,688.00	32,256.00
 <u>Reserves</u>	1,000.00	12,000.00
 <u>Audit Fees</u>	100.00	1,200.00
 TOTAL DISBURSEMENTS	\$ 9,966.00	\$ 119,592.00

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated monthly maintenance charge for each apartment is \$ 3,322.00 per month.

CONDOMINIUM PUBLIC REPORT ON
KAUHALE VILLAS AT HUALALAI

EXHIBIT H

SUMMARY OF SALES AGREEMENT

A specimen Condominium Purchase and Sales Agreement (the "Sales Agreement"), has been submitted to the Real Estate Commission and is available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Seller agrees to provide Buyer with a one-year limited construction warranty pursuant to the terms and conditions set forth in the Limited Warranty to be provided to buyer prior to the Final Closing.
2. If the buyer's mortgage loan application is rejected or not approved within 45 days after application, then Seller may elect to terminate the Sales Agreement upon written notice to buyer.
3. Buyer agrees that Seller, its officers, employees, agents or real estate brokers or real estate sales persons have made no representations regarding the possibility or probability of rental or other income from the purchase and ownership of an apartment in the Project or other economic benefit to be derived from the rental of the apartment or the tax treatment of buyer.
4. Buyer will pay for the following closing costs: 50% of the escrow fee, 100% of the costs to be charged by the Title Company for the preliminary title report and the Title Policy, any costs of drafting a mortgage and note, all of buyer's notary fees, all recording fees, all other costs customarily charged to buyers in residential real estate transactions in the State of Hawaii, and all other costs and fees to be paid by buyer under the terms of the Sales Agreement. Proration of Hualalai Community Association assessments, maintenance assessments and other taxes and assessments and any other expenses will be made as of the date of Final Closing.
5. The Sales Agreement shall not be assigned by buyer without the prior written consent of Seller, which consent may be withheld by Seller for any reason at Seller's sole discretion.

6. Buyer's rights to use the golf course, tennis/spa facility and beach house outside of the Project but within Hualalai (the "Amenity Facilities") and buyer's rights to certain privileges in the Four Seasons Hotel at Hualalai shall be in accordance with the terms and conditions of one or more separate agreements to be executed between buyer and Kaupulehu Makai Venture, a California general partnership ("KMV") (at the discretion of KMV), separately from the Sales Agreement. Buyer shall not acquire Amenity Facilities use privileges merely by execution of the Sales Agreement and purchase of an apartment. In order to obtain Amenity Facilities use privileges, Buyer must comply with the terms and conditions established by KMV for the use thereof, including without limitation, the execution of one or more separate agreements with KMV, payment of use fees established by KMV in its sole discretion, and compliance with the "Rules and Regulations for the Hualalai Amenity Facilities" and other rules and regulations established by KMV. Buyer shall have no ownership interest in the Amenity Facilities; the Amenity Facilities are owned by KMV.

7. If buyer shall default in any payment when required, or fail to perform any other obligation required of the buyer, including the obligation to execute promptly all documents necessary to close the transaction, and upon giving notice and opportunity to cure as provided in the Sales Agreement, the Sales Agreement may, at Seller's option, be terminated by written notice to buyer and the total sums paid by buyer under the Sales Agreement, and all accrued interest, shall constitute liquidated damages payable to Seller, or, at Seller's option, Seller may pursue any other remedy at law or equity for specific performance or otherwise, and all costs and expenses incurred by reason of default of buyer shall be borne by buyer, including but not limited to, reasonable attorneys' fees, costs incurred by any lending institution in processing buyer's loan application, and the escrow cancellation fee. Seller and buyer acknowledge that they understand and have agreed that in such event the injury to Seller will be difficult and expensive to measure in view of Seller's financial commitments with respect to the Project, the connection between sale, cancellation or default with respect to one unit and sale, cancellation or default with respect to other units in the Project, and the nature of the real estate market in Hawaii. As a reasonable estimate of Seller's fair compensation for any damages resulting from such default, the parties agree that the total sums paid by buyer under the Sales Agreement and all accrued interest shall belong to Seller as liquidated damages. Seller and buyer shall submit any and all claims and disputes by and between the Seller and buyer, arising from or in connection with the Project, the sale of the apartment or the Sales Agreement to binding arbitration under the provisions of Chapter 658, Hawaii Revised Statutes, the proceedings under which shall be a common hearing including Seller, buyer, any and all brokers, sales people, contractors, engineers, architects, materialmen and any other person necessary to final resolution of such claim or dispute.

8. (a) In order to ensure the proper development of the Hualalai Resort, KMV has established the "Design and Construction Guidelines for Hualalai" (the "Design Regulations") within the Master Declaration of Protective Covenants, Conditions and Restrictions and Reservation of Easements for Hualalai at Historic Ka'upulehu (the "Master CC&Rs"), as well as a plan approval process. The Design Regulations directly control the nature and scope of any improvements which may be made to the apartment, as well as the entire Project and certain other areas of the Hualalai community. The Design Regulations and the plan approval process are administered by the Hualalai Development Review Board which has been or will be established pursuant to the Master CC&Rs. Buyer acknowledges that all improvements may only be undertaken or constructed after specific approval thereof by the Hualalai Development Review Board. Buyer acknowledges and understands that the Design Regulations are subject to change in the sole discretion of the Hualalai Development Review Board and that the plans and specifications for any improvements to any apartment must be approved in advance by the Hualalai Development Review Board and must be in accordance with the Master CC&Rs and the Design Regulations.

(b) Buyer acknowledges that no representations have been made to Buyer by Seller respecting Buyer's ability to obtain any approval of any kind required from the Hualalai Development Board or otherwise. Buyer also agrees, acknowledges and understands that Buyer will be required to pay processing and deposit fees to the Hualalai Development Review Board in connection with the review of plans and specifications for any improvements Buyer proposes to make to an apartment as set forth in the Design Regulations.

(c) Buyer shall maintain his apartment in accordance with the Master CC&Rs, the Declaration, the By-Laws and the Design Regulations. If buyer fails to comply with the Master CC&Rs, the Declaration, the By-Laws and the Design Regulations, the Hualalai Community Association, the Association and the Hualalai Development Review Board shall have the right to enter into the apartment for the purpose of making the apartment comply with such documents, all at buyer's sole cost and expense.

10. The costs of all of the water system and related facilities and appurtenances (the "Water System") and the sewer system and related facilities and appurtenances (the "Sewer System"), serving the Project and the Hualalai community are not included in the purchase price of the apartment, and have been or will be paid for, constructed and installed by KMV or its affiliates, except for specific contributions in aid of construction which are memorialized in documents and agreements concerning adjacent properties outside of the Hualalai community. Unless evidenced in writing, the entire Water System and Sewer System serving the Project and the Hualalai community, including all wells, lines, pumps, machinery, reservoirs, water towers or tanks, and other

systems, facilities and appurtenances related thereto and the land or sites and easements therefor which are located within the Hualalai community have not been paid for, in whole or in part, by buyer or any person or entity other than KMV or its affiliated companies. Water service shall be provided to owners of apartments in the Project and other properties within Hualalai by the Kaupulehu Water Company pursuant to terms and conditions established by the Public Utilities Commission of the State of Hawaii. Sewer service shall be provided to owners of apartments in the Project and other properties within Hualalai by the Kaupulehu Waste Water Company pursuant to terms established by the Public Utilities Commission of the State of Hawaii. As a result of the anticipated improvement and construction of Hualalai in phases, initial water and sewer service charges may be less than the cost of providing water and sewer services and may increase at rates higher than the rate of increase in operating expenses and capital costs as the number of customers in Hualalai increases, until water and sewage service charges reach a level where they fully reimburse the Kaupulehu Water Company and the Kaupulehu Waste Water Company, respectfully, for operating expenses plus (i) with respect to the Kaupulehu Water Company, a fair and reasonable return on capital improvements costs for the Water System and all other property of Kaupulehu Water Company used or useful in providing water services; and (ii) with respect to the Kaupulehu Waste Water Company, fair and reasonable return on capital improvement costs for the Sewer System and all other property of the Kaupulehu Waste Water Company used or useful in providing sewer services.

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

CONDOMINIUM PUBLIC REPORT ON
KAUIALE VILLAS AT HUALALAI

EXHIBIT I

SUMMARY OF ESCROW AGREEMENT

Copies of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received or collected by Escrow under the Escrow Agreement shall be deposited in a special account or accounts with one or more federally insured savings and loan or banking institutions authorized to do business in the State of Hawaii, designated by the Seller under an escrow arrangement at the prevailing interest rate and held in accordance with the terms of the Escrow Agreement, and except as otherwise provided in the Sales Agreements, all interest earned on such deposits shall be credited to the account of Seller. Escrow will deposit such monies one or more times each week.
2. Disbursements from the buyer's escrow fund shall be made by Escrow in accordance with the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.