CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer SunStone Realty Partners IX LLC

Address 1001 Bishop Street, Pauahi Tower Suite 1250, Honolulu, Hawaii 96813

Project Name(*): KONA SEA RIDGE

Address: Alii Drive, Kailua-Kona, Hawaii 96740

Registration No. 4592

Effective date: October 25, 2001

Expiration date: November 25, 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.

_____ **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. Contingent Final public reports may not be extended or renewed.

[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.

_X_ **FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.

[ ] No prior reports have been issued.
[X] This report supersedes all prior public reports
[ ] This report must be read together with _____

_____ **SUPPLEMENTARY:** (pink) This report updates information contained in the: _____

[ ] 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.

FORM: RECO-30 1297 / 0298 / 0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] 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.

[X] Changes made are as follows:

1. Reference has been made to archaeological sites (SIHP Site 16155), portions of which affect the Project land approximately as shown on the Condominium Map. Such archaeological sites located substantially on land adjacent to the Project land, are subject to an approved "Burial Treatment Plan" prepared on behalf of the owner of such adjacent land. It is expected that an easement will be granted to the owner of such adjacent land for maintenance of such portions of SIHP Site 16155 which affect the Project land in accordance with the Burial Treatment Plan. See Page 20 of this Public Report.

2. The two parcels of land previously comprising the Project land have been legally consolidated into a single parcel, as described in the Declaration of Condominium Property Regime.

3. Slight changes to the reported floor areas of Apartment Plan 2, Apartment Plan 3 and Apartment Plan 3A have been made. See page 11 of this Public Report.

4. The parking stall designations for certain of the apartments have changed. See Exhibit "B" to this Public Report.

SPECIAL ATTENTION SHOULD BE GIVEN TO THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "J")

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to certain of the first floor units is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines on the Condominium Map bounding such limited common element yard area are for illustrative 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.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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 owner/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 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: SunStone Realty Partners IX LLC
Name*
1001 Bishop Street, Pauahi Tower, Suite 1250
Business Address
Honolulu, Hawaii 96813
Phone: (808) 523-9881 (Business)

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):

SunStone Realty Partners IX LLC
Curtis D. DeWeese (manager)

Real Estate Broker*: Kona Village Realty, Inc.
Name
PMB 179, 75-1027 Henry Street
Business Address
Kailua-Kona, Hawaii 96740
Phone: (808) 322-2991 (Business)

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

General Contractor*: Bodell Construction Company
Name
586 Fine Drive
Business Address
Salt Lake City, Utah 84115-4244
Phone: (801) 261-4343 (ext. 321) (Business)

Condominium Managing Agent*: Management Consultants of Hawaii
Name
P.O. Box 10039
Business Address
Lahaina, Hawaii 96761
Phone: (808) 661-8795 (Business)

Attorney for Developer: Case Bigelow & Lombardi
(Scott D. Radovich/David F. Andrew)
Name
Pacific Guardian Center, Mauka Tower
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813
Phone: (808) 547-5400 (Business)

* 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
[X] Recorded - Bureau of Conveyances Document No. 2001-141449
Book _____ Page _____
[ ] Filed - Land Court Document Number _____

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
[X] Recorded - Bureau of Conveyances Condominium Map No. 3331
[ ] Filed - Land Court Condominium 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
[X] Recorded - Bureau of Conveyances Document No. 2001-141450
Book _____ Page _____
[ ] Filed - Land Court Document Number _____

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:

[X] Proposed [ ] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

[See Exhibit J to this public report]

III. THE CONDOMINIUM PROJECT

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

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

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which includes 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: Alii Drive
Kailua-Kona, Hawaii 96740

Tax Map Key (TMK): (3) 7-5-19:44, 45

[ ] Address [X] TMK is expected to change because the two lots previously comprising the project site have been consolidated into a single lot, and a new TMK may be assigned in connection with such consolidation.

Land Area: 12.661 [ ] square feet [X] acre(s) Zoning: RM-4.0

Fee Owner: SunStone Realty Partners IX LLC
Name

1001 Bishop Street, Pauahi Tower, Suite 1250
Address

Honolulu, Hawaii 96813

Lessor: N/A
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 25 Floors Per Building two

[X] Exhibit A contains further explanations.

3. Principal Construction Material:

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

[X] Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[X] Residential	137	[X] Yes [ ] No	[ ] Ohana		[ ] Yes [ ] No
[ ] Commercial		[ ] Yes [ ] No	[ ] Industrial		[ ] Yes [ ] No
[ ] Mix Res/Comm		[ ] Yes [ ] No	[ ] Agricultural		[ ] Yes [ ] No
[ ] Hotel		[ ] Yes [ ] No	[ ] Recreational		[ ] Yes [ ] No
[ ] Timeshare		[ ] Yes [ ] No	[ ] Other:		[ ] Yes [ ] No

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

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:

[X] Pets No pets or other animals permitted; provided that the board may authorize the keeping by owners of parakeets, canaries, aquarium fish or one cat, subject to limitations as set forth in the Bylaws and the project rules.

[X] Number of Occupants: No more than two permanent residents per bedroom. Permanent residence is defined as residence of twenty-six consecutive days or more.

[X] Other: Apartments shall be used for residential purposes only; no "time-sharing" permitted; no water beds without Board approval.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
Plan 1 (Orchid)	24	3/2	1086	71	Exterior lanai/storage area
Plan 2 (Plumeria)	74	2/2	906	99	Exterior lanai/storage area
Plan 3 (Lehua)	38	3/3	1722	306	Exterior lanai/storage area
Plan 3A (Lehua - Study Option)	**	4/3	1832	306	Exterior lanai/storage area
Plan 4 (Plumeria - Lock-off)	1	4/4	1812	198	Exterior lanai/storage area
Total Number of Apartments:			137		

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

****Apartment Plan 3A is a construction option alternative to Apartment Plan 3, and apartments will be appropriately designated by amendment to the condominium declaration.**

The floor areas shown are approximate only.

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. The areas of the apartments are likely to vary somewhat. Even apartments of the same type may differ in their actual areas. The Developer makes no representations or warranties as to the floor area of any particular apartment.

Boundaries of Each Apartment: Each Apartment includes all walls, columns and partitions which are not load-bearing within the Apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais, if any, shown on the Condominium Map (including the "entry lanai" for each Plan 3 and Plan 3A Apartment) to the inner decorated or finished surfaces of the perimeter walls of such lanais and to the interior edge of the exterior railings or other boundaries of such lanais, the storage area, if any, adjacent to the lanais as shown on the Condominium Map, all fixtures originally installed in the Apartment, and all pipes, plumbing (including water heaters), air conditioning units, if any, wires, conduits and other utility or service lines and facilities servicing only the Apartment. The Apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Apartment, the exterior edge of the exterior railings or other exterior boundaries of the lanais, if any, shown on the Condominium Map, the entry area shown on the Condominium Map (excepting the "entry lanai" for each Plan 3 and Plan 3A Apartment, as shown on the Condominium Map), or any pipes, shafts, wires, conduits or other utility or service lines running through an Apartment which are utilized for or serve more than one Apartment, all of which are deemed common elements as provided in the condominium declaration.

Permitted Alterations to Apartments: Alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment shall require the written approval of the Board of Directors, all apartment owners directly affected, as determined by the Board of Directors, first mortgage lien holders of such an apartment (if required)

and appropriate government agencies. Any alteration or addition different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment to the condominium declaration, as provided in Section L of the condominium declaration. The Developer may make certain alterations as provided in Section L of the condominium declaration. See Exhibit J to this public report.

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.

7. Parking Stalls:

Total Parking Stalls: 287

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	138	6*		131			275
Guest							
Unassigned				12			12**
Extra for Purchase							
Other:							
Total Covered & Open:	144		143		0		287

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

*Oversized for the handicapped
** The Developer has reserved the right to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the Project or in any other phase merged or to be merged with the Project, or as guest parking stalls for the Project or any other phase merged or to be merged with the Project. See Exhibit J to this public report.

[ ] Commercial parking garage permitted in condominium project.

[X] 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.

[X] Swimming pool [ ] Storage Area [X] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)

[X] Other: Spa; trash receptacle areas; fitness center

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below: [ ] Violations will be cured by _____ (Date)

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):

(Not Applicable.)

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] 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.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[X] 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:

[X] 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 August 14, 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgages and related security instruments in favor of Zilber Ltd. and Homestreet Bank	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

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:

The Developer will require from the general contractor for the Project a written warranty with respect to any defects in each apartment and the common elements due to faulty materials and/or workmanship which are discovered and reported within one year from the "Date of Substantial Completion" as defined in the construction contract. The Developer makes no warranties itself; however, the Developer will attempt to assign to each apartment owner any and all warranties given the Developer by the general contractor for the project and by any subcontractors or materialmen.

2. Appliances:

The Developer makes no warranties itself; however, the Developer will attempt to assign to each apartment owner the benefit of any manufacturer's or dealer's warranties covering the appliances in his or her apartment. Each apartment owner shall have the direct benefit of any such warranties. These warranties will expire at different times, depending on the date of manufacture, sale or installation of the appliances.

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

Construction began in June, 2001, and is anticipated to be completed by approximately May, 2003.

H. **Project Phases:**

The developer [X] 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).

A. Merger: The Developer has reserved the right, in its sole and absolute discretion, to merge this Project with other condominium projects (which may be developed by the Developer on land adjacent to or in the vicinity of the Project land) for purposes of use and administration and possibly ownership, as provided in the Declaration of Merger of Condominium Phases Kona Sea Ridge, to be recorded in the Bureau of Conveyances of the State of Hawaii (the "Declaration of Merger"). Pursuant to an "administrative merger," use of the common elements, the common expenses and management of the phases would be shared, but the ownership interests of the apartment owners in each phase would not be altered or affected. In other words, an apartment owner owning an apartment in this Project, while having the right to use the common elements of other merged phases, would not have an ownership interest in the other merged phases. Similarly, the owner of an apartment in another merged phase, while having the right to use the common elements of the Project, would not have an ownership interest in the common elements of the Project. An "ownership merger", on the other hand, would provide for the common ownership of all of the merged phases. Upon an ownership merger, all of the apartments in the merged phases would be treated as if they were all included in a single condominium project (the "merged project"), all common elements of the merged phases would become common elements of the merged project, and the common interest appurtenant to each apartment would be altered from the common interest set forth in Exhibit E to the common interest set forth in a "certificate of ownership merger," as provided in the Declaration of Merger. An ownership merger may also include a legal consolidation of the land underlying and included in this Project with any parcel(s) of land underlying and included in any of the additional phases. Each prospective purchaser should carefully review the applicable provisions of the Declaration of Condominium Property Regime and the Declaration of Merger regarding the rights reserved to the Developer relating to development in phases and the merger of such phases. See Exhibit J of this public report for further information concerning merger.

B. Incremental Development. The Developer has reserved the right (but is not obligated), without being required to obtain the consent or joinder of any other person who may have an interest in the Project or in any apartment, to develop the apartments in increments on a building-by-building basis. See Exhibit J of this public report for further information concerning incremental development.

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:

[X] not affiliated with the Developer [ ] the Developer or the 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.

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 [X] Electricity (X Common Elements only _____ Common Elements & Apartments)
[ ] Gas (_____ Common Elements only _____ Common Elements & Apartments)
[X] Water [X] Sewer [ ] Television Cable
[X] Other Refuse collection; Inter-island telephone charges for managing agent

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

[X] Specimen Sales Contract
Exhibit H contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated March 1, 2001
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

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 after 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 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: Declaration of Merger of Condominium Phases Kona Sea Ridge

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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 4592 filed with the Real Estate Commission on March 9, 2001.

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

[X] YELLOW paper stock [ ] WHITE paper stock [ ] PINK paper stock [ ] GREEN paper stock

C. Additional Information Not Covered Above

Archaeological Site. Archaeological sites SIHP 16155 (containing burial features) are located on land adjacent to the Project land (being TMK (3) 7-5-19:43) and also affect the Project land, approximately as shown on the Condominium Map, and are subject to a Burial Treatment Plan approved by the Hawaii Island Burial Council. The Burial Treatment Plan provides for permanent preservation measures including the establishment of permanent preservation easements, the boundaries of which will be defined by stone walls. The Burial Treatment Plan further provides that Maintenance of the archaeological sites is to lie with the future homeowners association for the adjacent land. It is expected that a perpetual preservation easement will be designated for such portions of archaeological sites SIHP 16155 which affect the Project land, and granted to the owner of the adjacent land for maintenance purposes, in accordance with the Burial Treatment Plan. Such easement will require the adjacent landowner, or the future homeowners association for the adjacent land, to bear all expenses relating to any required maintenance of the archaeological sites, in accordance with the Burial Treatment Plan.

A copy of the Burial Treatment Plan for archaeological sites SIHP 16155 is on file with the Real Estate Commission.

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.

SunStone Realty Partners IX LLC
Printed Name of Developer

By: SunStone Realty Partners IX LLC

By: _____ 10/18/01
Duly Authorized Signatory* Date

Curtis D. DeWeese, Manager
Print Name and 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.**

EXHIBIT A

DESCRIPTION OF BUILDINGS

The Project shall contain twenty-five residential apartment buildings, six of which shall each contain four apartments, eighteen of which shall each contain six apartments, and one of which shall contain five apartments. Each apartment building shall have two stories or levels. The Project shall also contain a "Fitness Center" building, which shall be one story and contain no apartments. The Fitness Center building shall contain restrooms, a pool equipment room, an exercise room and storage rooms. None of the buildings shall have a basement. The buildings shall be constructed principally of concrete, wood, steel, glass and related building materials.

There shall be three different building types in the Project, designated as Building Types I, II and II*. Each Building Type I shall have four apartments, all of which are Plan 1 apartments. Each Building Type II shall have six apartments, four of which are Plan 2 apartments and two of which are Plan 3 or Plan 3A apartments. Building Type II* shall have five apartments, two of which are Plan 2 apartments, two of which are Plan 3 or Plan 3A apartments, and one of which is a Plan 4 apartment.

Each apartment building is identified on the Condominium Map by a capital letter designation. The following is a list of all of the Project's apartment buildings by building type and letter designation:

Building	Building Type
A	II
B	II
C	II
D	II
E	II
F	II
G	I
H	I
I	I
J	II*
K	II
L	II
M	II
N	I
O	II
P	II
Q	II
R	II
S	II
T	II
U	II
V	I
W	I
X	II
Y	II

EXHIBIT B

PARKING STALLS

APT. NUMBER	STALL # 1	STALL #2	APT. NUMBER	STALL # 1	STALL #2
A-1	10	9C	D-4	41	40C
A-2	12HC	11	D-22	47C	46
A-3	2	1HC	D-23	45	44C
A-4	4C	3	E-1	59C	58
A-22	8C	7	E-2	63C	62
A-23	6	5C	E-3	61	60C
B-1	22	21C	E-4	53	52C
B-2	24C	23	E-22	57	56C
B-3	16C	15	E-23	55C	54
B-4	14	13C	F-1	83C	82
B-22	20C	19	F-2	81	80C
B-23	18	17C	F-3	73	72C
C-1	39C	38	F-4	75C	74
C-2	37	36C	F-22	79C	78
C-3	29	28C	F-23	77	76C
C-4	31C	30	G-1	66C	65
C-22	35C	34	G-2	64	71C
C-23	33	32C	G-21	70C	69
D-1	49	48C	G-22	68	67C
D-2	51C	50	H-1	89	88C
D-3	43C	42	H-2	87C	86
H-21	91C	90	M-23	148C	149
H-22	85	84C	N-1	160C	161
I-1	97	96C	N-2	162	163C
I-2	95C	94	N-21	164C	165
I-21	99C	98	N-22	166	167C
I-22	93	92C	O-1	170	171C
J-1	111HC	110	O-2	168C	169
J-2	109	108C	O-3	178	179C
J-3	103C	102	O-4	176C	177

J-4	101	100HC	O-22	172C	173
J-23	106	105, 104C	O-23	174	175C
K-1	119C	118	P-1	144C	145
K-2	117	116C	P-2	136C	137
K-3	115C	114	P-3	138	139C
K-4	113	112C	P-4	142	143C
K-22	132C	133	P-22	146	147C
K-23	134	135C	P-23	140C	141
L-1	123C	122	Q-1	186	187C
L-2	127C	126	Q-2	184C	185
L-3	121	120C	Q-3	194	195C
L-4	125	124C	Q-4	188C	189
L-22	128C	129	Q-22	190	191C
L-23	130	131C	Q-23	192C	193
M-1	152C	153	R-1	198	199C
M-2	158	159C	R-2	206	207C
M-3	150	151C	R-3	204C	205
M-4	154	155C	R-4	196C	197
M-22	156C	157	R-22	200C	201
R-23	202	203C	V-2	242	243C
S-1	182	183C	V-21	244C	245
S-2	180C	181	V-22	246	247C
S-3	216	217C	W-1	255C	254
S-4	214C	215	W-2	253	252C
S-22	210C	211	W-21	251C	250
S-23	212	213C	W-22	249	248C
T-1	220	221C	X-1	258	259C
T-2	218C	219	X-2	256HC	257
T-3	228	229C	X-3	266	267HC
T-4	226C	227	X-4	264C	265
T-22	222C	223	X-22	260C	261
T-23	224	225C	X-23	262	263C
U-1	232	233C	Y-1	279C	278

U-2	230C	231	Y-2	277	276C
U-3	236C	237	Y-3	269	268C
U-4	238	239C	Y-4	271C	270
U-22	234C	281	Y-22	275C	274
U-23	280	235C	Y-23	273	272C
V-1	240C	241			

Note: A parking stall marked with a "C", as shown on the list above and on the Condominium Map, indicates a parking stall that is "compact" in size. A parking stall marked with a number designation only, as shown on the list above and on the Condominium Map, indicates a parking stall that is "standard" in size. A parking stall marked with an "HC" indicated a parking stall that is oversized for the handicapped. The additional "C" and "HC" markings appearing on the list above and/or the Condominium Map are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of legal identification being the numerical designation of the parking stall.

The Developer has reserved the right, by amendment to the Declaration in accordance with Section T.2 of the Declaration, to convey or otherwise designate any parking stall not designated above as a limited common element to be appurtenant to and for the exclusive use of any apartment in the Project or in any other phase merged or to be merged with the Project, or to be used as a guest parking stall for the Project or any other phase merged or to be merged with the Project.

EXHIBIT C

COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the condominium declaration, in fee simple.

2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceilings (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings (except lanai railings), entrances and exits of the buildings and/or apartments, and other building appurtenances, including, but not limited to, the electrical cabinets and compartments for water heaters located on the exteriors of the buildings.

3. All yards, grounds, gardens, planters, plants, landscaping, refuse facilities and recreational facilities, if any.

4. All sidewalks, pathways, retaining walls, driveways, roads, parking areas, parking stalls and carports (if any).

5. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project which are utilized by or serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.

6. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one apartment, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.

7. The "Fitness Center" and related amenities, including restrooms, showers, pool, spa and other facilities, located as shown on the Condominium Map.

8. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" to the condominium declaration.

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

10. All other parts of the Project which are not included in the definition of an Apartment.

EXHIBIT D

LIMITED COMMON ELEMENTS

Certain apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. Parking Stalls:

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use such parking stall(s) as designated on Exhibit "B" to this Public Report.

2. Carports:

The air space within the perimeter walls or other exterior boundaries of each carport is a limited common element appurtenant to the apartment(s) to which the parking stalls therein are appurtenant.

3. Water Heater Compartments:

Each compartment containing water heaters, and located adjacent to the entry area for each ground level apartment in Building Type 1, and in the entry area for each ground Level Plan 2 apartment, is a limited common element appurtenant to the ground level apartment and to the second story apartment above it which are served by the water heaters contained in the compartment.

4. Entries:

The entry area outside the entry door of each apartment (excepting the "entry lanai" for each Plan 3 and Plan 3A Apartment, as shown on the Condominium Map, which is part of the apartment), as shown on the Condominium Map, is a limited common element appurtenant to that apartment.

5. Stairways and Second Floor Landings:

Each stairway and second floor landing area providing access to the entry areas for second floor apartments is a limited common element appurtenant to the apartments so served.

6. Mailboxes:

Each mailbox bearing the same identification as an apartment is a limited common element appurtenant to that apartment.

7. Yard Areas:

Each fenced-in yard area, as shown on the Condominium Map, is a limited common element appurtenant to the first floor apartment which such yard area adjoins. The outer limit of each such yard area is deemed to be the interior surface of the fence (i.e., the surface facing the apartment) enclosing the area. **The size and dimensions of each such yard area, as shown on the Condominium Map, are approximate only; the Developer makes no representations or warranties whatsoever as to the size or dimensions of the yard area appurtenant to any particular apartment.**

EXHIBIT E

COMMON INTERESTS*

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
Plan 1 (24)	G-1, G-2, G-21, G-22, H-1, H-2, H-21, H-22, I-1, I-2, I-21, I-22, N-1, N-2, N-21, N-22, V-1, V-2, V-21, V-22, W-1, W-2, W-21, W-22	0.006808 (0.6808%)
Plan 2 (74)	A-2, A-3, A-22, A-23, B-2, B-3, B-22, B-23, C-2, C-3, C-22, C-23, D-2, D-3, D-22, D-23, E-2, E-3, E-22, E-23, F-2, F-3, F-22, F-23, J-2, J-3, K-2, K-3, K-22, K-23, L-2, L-3, L-22, L-23, M-2, M-3, M-22, M-23, O-2, O-3, O-22, O-23, P-2, P-3, P-22, P-23, Q-2, Q-3, Q-22, Q-23, R-2, R-3, R-22, R-23, S-2, S-3, S-22, S-23, T-2, T-3, T-22, T-23, U-2, U-3, U-22, U-23, X-2, X-3, X-22, X-23, Y-2, Y-3, Y-22, Y-23	0.005678 (0.5678%)
Plan 3 (38)	A-1, A-4, B-1, B-4, C-1, C-4, D-1, D-4, E-1, E-4, F-1, F-4, J-1,J-4, K-1, K-4, L-1, L-4, M-1, M-4, O-1, O-4, P-1, P-4, Q-1, Q-4, R-1, R-4, S-1, S-4, T-1, T-4, U-1, U-4, X-1, X-4, Y-1, Y-4	0.010660 (1.066%)
Plan 3A	**	0.010660 (1.066%)
Plan 4 (1)	J-23	0.011356 (1.1356%)

* The common interests for the apartments may change in connection with a change by the Developer in the apartment floor plan(s) for any or all of the apartments in an increment to the Project, and may also change in the event of an ownership merger of this Project with one or more other condominium projects. See Exhibit J to this Public Report for further information concerning incremental development and merger.

** Apartment Plan 3A is a construction option alternative to Apartment Plan 3, and apartments will be appropriately designated by amendment to the condominium declaration.

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

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

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

3. Real Property Mortgage, Security Agreement, Assignment of Rents and Financing Statement dated December 20, 2000, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-180898, by SunStone Realty Partners IX LLC, a Hawaii limited liability company, as Mortgagor, and Zilber Ltd., a Delaware corporation, as Mortgagee.

   Subordination Agreement dated June 14, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-089641. Subordinates said above Mortgage to the lien of that certain Mortgage recorded as Document No. 2001-089638.

4. Financing Statement, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-180900.

   Subordination Agreement dated June 14, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-089641. Subordinates said above Financing Statement to the lien of that certain Mortgage recorded as Document No. 2001-089638.

5. Real Property Mortgage and Financing Statement dated June 14, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-089638, by SunStone Realty Partners IX LLC, a Hawaii limited liability company, as Mortgagor, and Homestreet Bank, a Washington corporation and a Washington state chartered savings bank, as Mortgagee.

6. Absolute Assignment of Rentals and Lessor's Interest in Lease dated June 14, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-089639, by and between SunStone Realty Partners IX LLC, a Hawaii limited liability company, as Assignor, and Homestreet Bank, a Washington corporation and a Washington state chartered savings bank, as Assignee.

7. Financing Statement, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-089640.

8. Declaration of Merger of Condominium Phases Kona Sea Ridge dated September 4, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-141448.

9. Declaration of Condominium Property Regime of Kona Sea Ridge dated September 4, 2001, recorded in the Bureau of Conveyances as Document No. 2001-141449, as may be amended from time to time.

10. Condominium Map No. 3331, and any amendments thereto.

11. Bylaws of the Association of Apartment Owners of Kona Sea Ridge dated September 4, 2001, recorded in the Bureau of Conveyances as Document No. 2001-141450, as may be amended from time to time.

EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES

Kona Sea Ridge		
Apartment Type	**Monthly Fee (per apt.)**	**Yearly Total (per apt.)**
Plan 1 (Orchid)	$200.53	$2,406.36
Plan 2 (Plumeria)	$167.25	$2,007.00
Plan 3 (Lehua)	$313.99	$3,767.88
Plan 3A (Lehua - Study Option)	$313.99	$3,767.88
Plan 4 (Plumeria - Lock-off)	$334.49	$4,013.88

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: KONA SEA RIDGE - 137 units

	Monthly Fee x 12 months = Yearly Total	
Utilities and Services		
Air conditioning		
Electricity		
[✓] common elements only	1100	13200
[ ] common elements and apartments		
Elevator		
Gas		
[ ] common elements only		
[ ] common elements and apartments		
Refuse Collection	1100	13200
Telephone	175	2100
Water and Sewer	4000	48000
Maintenance, Repairs and Supplies		
Building	360	4320
Grounds	3410	40920
Management		
Management Fee	2140	25680
Payroll and Payroll Taxes	5820	69840
Office Expenses	310	3720
Insurance	2795	33540
Reserves(*)	5400	64800
Taxes and Government Assessments	45	540
Audit Fees	300	3600
Other	2500	30000
TOTAL	29455	353460

I, Nancy T. Roney as agent, servant/or employed by Management Consultants of Hawaii, the condominium managing agent/developer for the KONA SEA RIDGE condominium project, hereby certify that the above estimate of initial maintenance fee assessment and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Nancy T. Roney
Signature

02-21-01
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 §514-A-86.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

Develo[illegible] .xplanation Regarding Replacement Reserv[illegible] re

In arriving at the figure for "Reserves," as set forth in this Exhibit G to the Condominium Public Report, the developer did not conduct a reserve study in accordance with HRS § 514A-83.6 or HAR § 16-107-65. The figure is an estimate, based on reasonable projections of reserve requirements.

SUNSTONE REALTY PARTNERS IX LLC,
a Hawaii limited liability company

By: _____
Name: Curtis D. Dobbrese
Title: Member

Date: September 4, 2001

EXHIBIT H

SUMMARY OF SALES CONTRACT

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary, contingent or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

(e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

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

(k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.

(l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

(m) That in the event of a default by the purchaser under the Sales Contract, all sums paid by the purchaser under the Sales Contract shall belong to the Developer as liquidated damages, and the Developer may, in addition to such damages, pursue any other remedy, including specific performance, permitted by law or equity.

In the event of a default by the Developer under the Sales Contract, the buyer shall be entitled to remedies available to it at law or in equity.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT I

SUMMARY OF ESCROW AGREEMENT

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

(a) Escrow will let the purchaser know when payments are due.

(b) Escrow will arrange for the purchaser to sign all necessary documents.

(c) Except under certain circumstances as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

(d) The purchaser will be entitled to a refund of his or her funds deposited with Escrow, upon written request by purchaser to Escrow, if the purchaser exercises purchaser's right to cancel or rescind the Sales Contract pursuant to the Hawaii Condominium Act, as set forth in the Sales Contract (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation, up to a maximum of $250.00).

(e) No disbursements of funds held in Escrow shall be made to the Developer until certain conditions, as set forth in the Escrow Agreement and in accordance with the Hawaii Condominium Act, have been fulfilled, including delivery of a copy of the Final Public Report to the purchaser and waiver (or deemed waiver) of the purchaser's right to cancel the Sales Contract. Under certain circumstances, in accordance with the Condominium Property Act and as described in the Escrow Agreement, the purchaser's funds may be disbursed to the Developer to pay for construction and other costs of the Project.

(f) Upon a default by the purchaser under the Sales Contract, and the Developer's termination of the Sales Contract as a result of such default, all funds of the purchaser deposited with Escrow shall be treated as funds of the Developer and not as funds of the purchaser, and shall be disbursed to the Developer upon request by the Developer.

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.

EXHIBIT J

RESERVED RIGHTS

A. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file an "as built" statement required by Section 514A-12 of the Condominium Property Act.

B. Until all of the apartments have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment.

C. Until all of the apartments have been sold and the "as built" statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any apartment which has not been sold; and (ii) reflect minor changes in any apartment or in the common elements which do not affect the physical location, design or size of any apartment (other than minor changes to the size or dimensions of the yard area appurtenant to any apartment) which has been sold.

D. The Developer may amend the Declaration to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the Project or in any other phase merged or to be merged with the Project, or for use as guest stalls for the Project or any other phase merged or to be merged with the Project.

E. RESERVATION TO DEVELOP INCREMENTALLY

The Developer has reserved the right, but is not obligated, to construct, sell and convey the apartments in the Project incrementally on a building-by-building or cluster-by-cluster basis. Upon the completion of each building or cluster, the Developer may obtain a certificate of occupancy for the apartments in such building or cluster and thereupon transfer ownership of the apartments to apartment purchasers. In connection with this incremental development, the Developer has the right to enter upon the Project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments to the Project.

The Developer also has the right, at the discretion of the Developer, to change the apartment floor plan, or create one or more new apartment floor plans, for any or all of the apartments in an increment, and in connection therewith to amend the condominium declaration and the condominium map to reflect such changes in apartment floor plan(s) and make appropriate revisions to the common interests appurtenant to any or all apartments in the Project to reflect resulting changes in floor area.

See Section O of the Declaration for details regarding the Developer's right to develop the Project in increments.

F. RESERVATION TO MERGE PHASES

The Developer has reserved the right, but is not obligated, to effect the merger of additional condominium project(s) which may be developed by the Developer on land adjacent to or in the vicinity of the Project land) with the Project. In the Developer's discretion, any such merger shall be for administrative purposes only (an "administrative merger") or for both administrative purposes and for purposes of allocating ownership of common elements in the projects to be merged among all of the apartment owners of the merged project. In the event of merger for purposes of allocating ownership interest (an "ownership merger"), each apartment owner's common interest appurtenant to his or her apartment will be recalculated and may be reduced or increased to reflect that proportion which his or her apartment's net interior floor area bears to the total net interior floor area of all apartments in the merged project. The Developer has the right to execute and record amendments to the Declaration and other documents to effect such a merger, including but not limited to a consolidation of the land covered by the Project with any other parcel(s) of land in connection with a merger, in accordance with the terms and provisions of the Declaration of Merger of Condominium Phases, a copy of which is on file with the Real Estate Commission.

See Section P of the Declaration for easements reserved to the Developer with respect to the construction, maintenance, operation and sale of the phases. See also page 16 of this public report for further information concerning merger.

G. RESERVATION TO DESIGNATE/GRANT ARCHAEOLOGICAL SITE PRESERVATION EASEMENT.

The Developer has reserved the right to designate, grant, convey, cancel, relocate or otherwise deal with an easement or easements, exclusive or otherwise, for the maintenance and preservation of such portions of the Project land affected by archaeological sites, approximately as shown on the Condominium Map (SIHP Site 16155), and related Burial Treatment Plan(s).