CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer U of N BENCORP, a Hawaii nonprofit corporation
Address 75-5851 Kuakini Hwy., #245 , Kailua-Kona, HI 96740
Project Name(*): HUALALAI VILLAGE, Phase 1, Increment A (aka "Phase 1A") consisting of 41(**) units
Address: Hualalai Road, Kailua-Kona, Hawaii 96740

Registration No. 4615

Effective date: September 13, 2002
Expiration date: October 13, 2003

Preparation of this Report

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

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

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

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

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

Type of Report:

_____ **PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

[ ] 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 _____

(**) The Preliminary Public Report for Hualalai Village covered 103 units. However, this Final Public Report covers only 41 of the 103 units and is to be used in conjunction with the sale of only the following units: A-101, A-102, A-103, A-104, A-105, A-106, A-201, A-202, A-203, A-205, A-206, A-301, A-302, A-303, A-305; B-101, B-102, B-103, B-104, B-105, B-106, B-201, B-202, B-203, B-205, B-206, B-301, B-302, B-303, B-305, B-306; E-101, E-102, E-103, E-105, E-106, E-201, E-202, E-203, E-205, E-206

(*) 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 [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) The Declaration of Merger of Condominium Property Regime, the Declaration of Condominium Property Regime, the Bylaws, and the Condominium Map, (the "Project Documents") have been finalized and recorded and the project as described in those documents, as amended, is different in many respects and details which a prospective Purchaser should familiarize himself or herself with by reading the final Project Documents.

(2) This Final Public Report covers ONLY Increment A of Phase 1 of the Project (which is referred to on Sheet 3 of the Condominium Map and herein as "Phase 1A") which means that the Developer is only promising to complete a portion of the Project as described in the Declaration of Condominium Property Regime, as amended, the portion of the Project covered by Increment A of Phase 1 consisting of Buildings A, B and E and the Apartments contained in those Buildings together with the carports and uncovered parking areas that are appurtenant to the Apartments contained in Buildings A, B and E and the driveways and paved areas shown on the Condominium Map as being a part of Phase 1A of the Project.

The Recreation Center and Pool shown on Sheet 2 of the Condominium Map as being a part of Phase 1of the Project will not be built by the Developer as a part of Phase 1A of the Project and the Developer has no obligation to construct the Recreation Center and the Pool though it presently intends to do so as a part of the last increment of Phase 1 of the Project.

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

SPECIAL ATTENTION

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: U of N BENCORP, a Hawaii nonprofit corporation
Name*
75-5851 Kuakini Hwy., #245
Business Address
Kailua-Kona, HI 96740
Phone: (808) 329-1110 (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):

Mark Spengler-President/Director
David Boyd-Director
Devinder Randhawa-Director
Lee Goehner-Secretary/Treasurer
Ken Clewett-Director
Duane Rawlins-Director

Real Estate Broker*: TNT REALTY, INC.
dba COLDWELL BANKER ALOHA PROPERTIES
Name
75-170 Hualalai Rd., Suite B-105
Business Address

Kailua-Kona, HI 96740
Phone: (808) 329-3545 (Business)

Escrow: FIRST HAWAII TITLE CORPORATION
Name
75-5722 Kuakini Hwy., Suite 210
Business Address

Kailua-Kona, HI 96740
Phone: (808) 329-8227 (Business)

General Contractor*: OMEGA CONSTRUCTION OF KONA, INC.
Name
75-5851 Kuakini Hwy., Box 116
Business Address
Kailua-Kona, HI 96740
Phone: (808) 334-0300 (Business)

Condominium Managing Agent*: PROPERTY MANAGEMENT HAWAII, INC.
Name
74-6435 Kuakini Hwy., Suite 202
Business Address

Kailua-Kona, HI 96740
Phone: (808) 329-6488 (Business)

Attorney for Developer: WALLACE H. GALLUP, JR.
Name
75-5591 Palani Rd., Suite 3007
Business Address

Kailua-Kona, HI 96740
Phone: (808) 329-5014 (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. 2002-048190
Book _____ Page _____
[X] Filed - Land Court Document Number 2788232

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

Amendment to Declaration of Condominium Property Regime of Hualalai Village dated July 1, 2002 recorded in said Bureau as Document No. 2002-128260 and filed in said Land Court as Document No. 2825004, and by Amendment to Declaration of Condominium Property Regime of Hualalai Village dated August 23, 2002, and recorded in said Bureau as Document No. 2002-154516 and filed in said Land Court as Document No. 2836976.

Note: A Declaration of Merger of Condominium Phases of Hualalai Village dated February 1, 2002 has been recorded in said Bureau as Document No. 2002-048189 and filed in said Land Court as Document No. 2788231.

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. 3412
[X] Filed - Land Court Condominium Map No. 1466

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

The Condominium Map has been amended in its entirety as referred to and filed with the above described Amendment to Declaration of Condominium Property Regime of Hualalai Village dated July 1, 2002 recorded in said Bureau as Document No. 2002-128260 and filed in said Land Court as Document No. 2825004.

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. 2002-048191
Book _____ Page _____
[X] Filed - Land Court Document Number 278823

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: None

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 [X] 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: 75-346 Hualalai Road
Kailua-Kona, Hawaii 96740 (TMK)

Tax Map Key: (3) 7-5-10-86

[X] Address [X] TMK is expected to change because A specific street address will be assigned when mailboxes are installed by the Developer

Land Area: 9.666* [X] acre(s)

Zoning: RM 4 (Phase 1A) and Ag 1 (as to remainder of Phase 1)

*area of entire Phase 1

Fee Owner: U of N BENCORP, a Hawaii nonprofit corporation
Name

75-5851 Kuakini Hwy., #245
Address

Kailua-Kona, HI 96740

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:** Phase 1A

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

2. Number of Buildings: 3 residential / 3 parking Floors Per Building Type 1 has 3 stories, Type II has 2 stories

[X] Exhibit A contains further explanations.

3. Principal Construction Material:

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

[X] Other Exterior insulation and finish system with stucco like appearance, metal,concrete tile, glass and related building materials.

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[X] Residential	41	[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: None allowed, except the Board, by resolution or written consent, may authorize the keeping of certain types of pets. (See Bylaws 12.1 for limitations and exceptions concerning pets)

[X] Number of Occupants: 4 people in 2 bedroom apartments, 6 people in three bedroom apartments and 8 people in 4 bedroom apartments (See Project Rules C.2.)

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 6 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
I	4	1/1	616	171	Lanai
II	16	2/2	862	97	Lanai
IIIa	10	3/2	1214	96	Lanai
IIIb	4	3/2	1195	123	Lanai
IIIc.1	4	3/2	1305	253	Lanai
IIIc.2	2	2/2	1293	253	Lanai
IV	1	4/3	2254	192	Lanai(s)

Total Number of Apartments 41

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.** 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: See Exhibit "A" attached to this public report.

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 on Developer's reserved rights.

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. Developer has elected to provide this information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 88 (Phase 1A)

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	41	41					82
Guest							
Unassigned							
Extra for Purchase							
Other*	6						6
Total Covered & Open:	88		0		0		88

Each apartment will have the exclusive use of at least 2 parking stall(s) consisting of 1 covered stall and 1 uncovered stall, located as shown on the Condominium Map.

Buyers are encouraged to find out which stall(s) will be available for their use and where they are located.

*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 to be assigned to the Association. 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 [ ] Recreation Area

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

[X] Other: Recreation Center with Restrooms (including lockers and showers), an Exercise Room, a Kitchen and Dining Area and Offices

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 July 26, 2002, issued by Stewart Title Guaranty Company.

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
Mortgage(s)	Buyer's interest is subject and subordinate to such liens (Buyer's interest can be terminated and deposiit refunded, less escrow cancellation fees).

Note: At the time of the first conveyance of each apartment, the blanket lien(s) shall be released of record from the apartment being conveyed and it appurtenant comon interest.

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 the 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 of the Apartment or the common elements, as applicable. The developer also will, without incurring any legal liability therefor, cooperate with the Buyer and use reasonable efforts to have all such warranties performed by the general contractor to the fullest extent thereof. THE DEVELOPER, HOWEVER, MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROJECT OR CONSUMER PRODUCTS OR OTHER THINGS WHICH MAY BE INSTALLED OR WHICH ARE CONTAINED IN THE APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. Appliances:

With respect to appliances or other consumer products included in the Buyer's purchase of the Apartment, the apartment deed will operate as an assignment from the developer to the Buyer of all manufacturer's or dealer's warranties, if any, covering any such appliances or consumer products for the unexpired term thereof, to the extent that the developer has the right and power to make such an assignment.

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

Construction on Phase 1A has commenced and the Developer anticipates that Phase 1A will be completed on or about March 15, 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, deletions, mergers or phasing):

See Exhibit "J" of this public report for a summary of the developer's rights to build the project in increments.

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

[ ] Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[ ] 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 16, 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.

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 of Hualalai Village

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. 4615 filed with the Real Estate Commission on April 20, 2001.

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

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

C. Additional Information Not Covered Above

None

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-40] (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.

U of N BENCORP, a Hawaii nonprofit corporation

Printed Name of Developer

By: _____ August 12, 2002
Duly Authorized Signatory Date

MARK R. SPENGLER, President

Print Name and Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii

EXHIBIT A

DESCRIPTION OF BUILDINGS

Phase 1A of the Project shall contain three residential apartment buildings. The buildings shall be constructed principally of concrete, metal, wood, concrete tile, stucco, glass and related building materials.

There shall be two different building types in Phase 1A of the Project, designated as Building Type I and Building Type II.

Each Type I building shall have three stories or levels, no basement, and 15 to 16 apartments depending on whether a townhouse floor plan as shown on the Condominium Map is chosen to replace a second and a third floor end apartment space.

Each Type II building shall have two stories or levels, no basement, and 10 to 11 apartments depending on whether a townhouse floor plan as shown on the Condominium Map is chosen to replace a first floor and a second floor central-bay apartment space.

Each building is identified on the Condominium Map by a capital letter designation (for example "A", "B", "C" or "D"). The following is a list of all of the Project's buildings in Phase 1A by building type and letter designation:

Building	Building Type
A	I
B	I
E	II

BOUNDARIES OF APARTMENTS

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 lanai(s) shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanai(s) and to the interior edge of the exterior railings, walls, or other boundaries of such lanai(s), the storage area(s), if any, adjacent to the lanai(s) as shown on the Condominium Map, all fixtures originally installed in the Apartment, and all pipes, plumbing, wires, conduits, hot water heating element, 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 railings, walls or other exterior boundaries of the lanai(s), if any, shown on the Condominium Map, the entry area, if any, 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 this Declaration.

EXHIBIT B

PARKING STALLS

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the covered parking stall(s) and the uncovered parking stall(s) marked on the Condominium Map with the apartment's number, and located as shown on the Condominium Map.

Note: A parking stall marked "Compact" or with a "C", as shown on the Condominium Map, if any, indicates a parking stall that is "compact" in size. A parking stall marked with an apartment number only, as shown on the Condominium Map, indicates a parking stall that is "standard" in size. A parking stall marked with a handicapped parking symbol indicates a parking stall that is oversized for the handicapped.

The Declarant has reserved the right, by amendment to this Declaration in accordance with Section T.2, 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 the Association for use as designated by the Board of Directors of the Association.

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", in fee simple.

2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceiling (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings, entrances and exits of the buildings and/or apartments, and other building appurtenances.

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

4. All sidewalks, pathways, retaining walls, lanai boundary walls and railings, driveways, roads, parking areas, parking stalls and carports.

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, boiler rooms, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.

7. The recreational center (clubhouse) and related amenities such as the pool 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".

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 the covered and uncovered parking stall(s) marked on the Condominium Map with the apartment's number, and located as shown on the Condominium Map.

Note: A parking stall marked "Compact" or with a "C", as shown on the Condominium Map, if any, indicates a parking stall that is "compact" in size. A parking stall marked with an apartment number only, as shown on the Condominium Map, indicates a parking stall that is "standard" in size. A parking stall marked with a handicapped parking symbol indicates a parking stall that is oversized for the handicapped.

The Declarant has reserved the right, by amendment to this Declaration in accordance with Section T.2, 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 the Association for use as designated by the Board of Directors of the Association.

2. Carports:

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

3. Stairs and Floor Landings:

Each stairway and floor landing area providing access to the entry for an apartment is a limited common element appurtenant to the apartment(s) so served.

.

4. Mailboxes:

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

5. Storage Areas:

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the enclosed storage area which adjoins the assigned carport parking stall assigned to the apartment as shown on the Condominium Map. If there is more than one enclosed storage area adjoining an assigned parking stall then the parking stall on the left side as you drive into the parking stall shall be deemed to be assigned to the apartment to which the parking stall is assigned and the parking stall on the right side shall be deemed to be assigned to the Association for its use as a common area..

6. Short Wave Radio Reception and sending Device:

Apartment C-206 shall have appurtenant to it, as a limited common element, the exclusive right to use the short wave radio reception and sending device (antenna) located as shown on the Condominium Map.

7. Air-Conditioning Pad:

Each Type IV apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the two concrete pads and the two air-conditioning condensing units which are in the common area immediately adjoining the building in which the apartment is located, as shown on the Condominium Map. Repair, maintenance and replacement of the pads, the air-conditioning condensing units and related transmission lines shall be the responsibility of the owner of the apartment to which this limited common element is appurtenant.

EXHIBIT E

COMMON INTERESTS*

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
I	A-103, A-104 B-103, B-104 C-103, C-104 D-103, D-104 F-103, F-104	.006467 (0.6467 %)
II	A-102, A-202, A-105, A-205, A-302, A-305 B-102, B-202, B-302, B-105, B-205, B-305 C-102, C-202, C-302, C-105, C-205, C-305 D-102, D-202, D-302, D-105, D-205, D-305 E-102, E-202, E-205, E-105 F-102, F-202, F-205, F-105 G-102, G-202, G-205, G-105 H-102, H-202, H-205, H-105	.007881 (0.7881 %)
IIIa	A-101, A-201, A-301, A-106, B-101, B-201, B-301, B-106, B-206, B-306 C-101, C-201, C-301, C-106, D-101, D-201, D-301, D-106, D-206, D-306	.010764 (1.0764 %)
IIIb	E-101, E-201, E-106, E-206 F-101, F-201, F-106, F-206 G-101, G-201, G-106, G-206 H-101, H-201, H-106, H-206	.010830 (1.0830 %)
IIIc.1	A-203, A-303 B-203, B-303 C-203, C-303 D-203, D-303	.012800 (1.2800 %)
IIIc.2	E-103, E-203 H-103, H-203 G-103, G-203, F-203	.012704 (1.2704 %)
IV	A-206, C-206	.020101 (2.0101 %)

* The common interests stated above have been calculated based upon all of Phase 1 being built by the Developer and if the Developer does not build out the remainder of Phase 1 (103 apartments) then the common interests for the Phase 1A apartments will change in the manner provided for in the Declaration. Also, the common interests for the apartments will change upon an ownership merger of this Project with one or more other condominium projects and/or upon the addition or deletion of apartments to this Project. A Declaration of Merger has been submitted to the Real Estate Commission in conjunction with this Public Report's review and is available for examination.

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Any and all 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. Grant of Easement in favor of Hawaii Electric Light Company, Inc., dated October 5, 1964, recorded in said Bureau in Liber 9167 at Page 2.

4. Reservation of an easement for egress, ingress and utility purposes, as reserved in Assumption Deed dated December 16, 1968, recorded in said Bureau in Liber 6784 at Page 268.

5. Easements for free flowage of water on behalf of those entitled thereto, through, over and across that certain stream as shown on Map 1 of Land court Application No. 1666.

6. Grant of Easement in favor of Hawaiian Telephone Company, a Hawaii corporation, and Hilo Electric Light Company, Limited, a Hawaii corporation, dated August 12, 1969, recorded in said Bureau in Liber 6724 at Page 257 for utility purposes.

7. Grant of Easement in favor of Hawaiian Electric Light Company, Inc., a Hawaii corporation, and Hawaiian Telephone Company, also a Hawaii corporation, dated March 20, 1987, filed as Land Court Document No. 1458903, and recorded in said Bureau in Liber 20615 at Page 644 for utility purposes.

8. 5' wide road-widening setback along Hualalai Road, as shown on map prepared by Donald C. McIntosh, Registered Professional Land Surveyor, dated --- revised January 20, 1982.

9. Elevation Agreement dated July 30, 1984, recorded in said Bureau at Book 18153, Page 602.

10. Designation of Easement "79" (50 feet wide) for roadway and utility purposes as shown on Map 15, as set forth by Land Court Order No. 143824, filed November 5, 2001.

11. Grant of Easement in favor of UNIVERSITY OF THE NATIONS, INC., a Hawaii nonprofit corporation, dated November 23, 2001, filed in the Office of Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2755106, and recorded in said Bureau as Document No. 2001-184092, granting an easement for access and utility purposes.

12. Grant of Easement in favor of U of N BENCORP, a Hawaii nonprofit corporation, dated November 23, 2001, filed in the Office of Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2762460, and recorded in said Bureau as Document No. 2001-198862, granting an easement for access and utility purposes.

13. Declaration of Merger of Condominium Phases of Hualalai Village dated February 1, 2002, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2788231 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-048189.

14. Bureau Condominium Map No. 3412 and Land Court Condominium Map No. 1466.

15. Declaration of Condominium Property Regime of Hualalai Village dated February 1, 2002, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2788232 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-048190, and amended by instrument dated July 1, 2002, recorded in said Bureau as Document No. 2002-128260 and filed in said Land Court as Document No. 2825004 and by instrument dated August 23, 2002, and recorded in said Bureau as Document No. 2002-154516 and filed in said Land Court as Document No. 2836976.

16. Bylaws of the Association of Apartment Owners of Hualalai Village dated February 1, 2002, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2788233 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-048191.

17. Mortgage dated May 1, 2002, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2813450 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-102878.

18. Financing Statement recorded on June 13, 2002 recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-102880.

EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES*

HUALALAI VILLAGE		
Apartment Type	**Monthly Fee (per apt.)**	**Yearly Total (per apt.)**
I	$235.73	$2,828.76
II	$287.27	$3,447.24
IIIa	$392.36	$4,708.32
IIIb	$394.76	$4,737.12
IIIc.1	$466.57	$5,598.84
IIIc.2	$463.07	$5,556.84
IV	$765.83	$9,189.96

*These maintenance fees have been calculated based upon all of Phase 1 (103 apartments) being completed and thus if only the 41 apartments contained in Phase 1A which are covered by this Final Public Report are completed or if less than all of the 103 apartments planned for Phase 1 are ultimately completed these estimated maintenance fees may increase or decrease.

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

ACCOUNT #	DESCRIPTION	ANNUAL 2002	MONTHLY AVERAGE
	OPERATING EXPENSES:		
7010	Management Fee	$20,400	$1,700
7012	Annual Meeting	$240	$20
7025	Building	$14,500	$1,208
7140	Electric	$20,004	$1,667
7175	Fire Equipment/Extinguish. Inspection	$1,200	$100
7180	Gas / Propane	$720	$60
7185	Grounds Expense	$65,040	$5,420
7285	Pest Control	$5,400	$450
7300	Pool	$13,560	$1,130
7360	Refuse Collection	$9,780	$815
7375	Sewer	$33,372	$2,781
7405	TreeTrimming	$13,320	$1,110
7415	Water	$40,008	$3,334
7540	Automobile Expense / Mileage	$900	$75
7560	Audit/Tax Return	$1,920	$160
7575	Bank charges / Trust Fees	$1,320	$110
7616	Insurance	$32,004	$2,667
7650	Legal / Professional	$2,520	$210
7666	License / Association Registration	$600	$50
7682	Office Supplies	$1,500	$125
7670	Mailing / Copies	$2,004	$167
7720	Payroll Expenses	$50,004	$4,167
7722	Payroll / Social Security (6.2%)	$3,108	$259
7724	Payroll / Medical Insurance	$14,376	$1,198
7730	Payroll / SUTA (1.45%)	$732	$61
7732	Payroll / FUTA	$120	$10
7734	Payroll / Rent - Lease (Resident Manager)	$14,400	$1,200
7742	Payroll / Medicare (1.45%)	$732	$61
7693	Taxes / Excise tax	$720	$60
7696	Real Property Tax	$312	$26
7780	Telephone/Elevator	$2,400	$200
	TOTAL OPERATING EXPENSES	$367,216	$30,601
	RESERVE FUND		
	Total Reserve	$70,200	$5,850
	TOTAL OPERATING/RESERVE EXPENSES	$437,416	$36,451

I, MARK R. SPENGLER, as agent for/and/or employed by U of N BENCORP, a Hawaii nonprofit corporation, the Developer, of the Hualala'i Village condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Mark R. Spengler
Signature

8/12/02
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-83.6, 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 estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

Developer's Explanation Regarding Replacement Reserve Figure

In arriving at the figure for "Reserves," as set forth in 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.

Date: July 1, 2002

U of N BENCORP, a Hawaii nonprofit corporation

By _____
MARK R. SPENGLER
President

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.

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 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 only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. 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. The Developer has reserved the right to subdivide and remove from the Project a substantial portion of the Project land (the "Removable Property"), being all or any portion of the area designated as such on the Condominium Map (see also Exhibit K to this public report). The Declaration, and, possibly, the Condominium Map, would be amended upon any such subdivision to remove the Removable Property from the Project. Upon such subdivision and removal, title to the Removable Property will be vested solely in the Developer and no apartment owner or apartment purchaser will have any legal or equitable interest in the Removable Property.

If not earlier removed from the Project or otherwise developed in accordance with the Declaration, the Removable Property will be a common element of the Project and subject to the control and responsibility of the Association of Apartment Owners upon expiration of the Developer's rights with respect to the Removable Property. Prior to such event, the Developer shall have exclusive control of the Removable Property and shall be responsible for maintenance and other expenses directly relating to the Removable Property.

See Section O of the Declaration for details regarding the Developer's right to subdivide and remove from the project the Removable Property.

F. The Developer has reserved the right to develop and add to the Project additional apartments in the area designated Future Development Area. The Declaration and the Condominium Map would be amended upon the development of any such additional apartments to reflect the addition of such apartments to the Project. Each time additional apartments are added to the Project, the common interest for each apartment in the Project would be adjusted. The percentage common interest of each apartment in the amended project would be determined by dividing the net floor area [interior and lanai(s)] of each apartment in the amended project by the aggregate of the net floor areas [interior and lanai(s)] of all apartments in the amended project. Upon recordation of the amendment(s) to the Declaration, all of the apartments in the Project, including the additional apartments, would have the right to use the common elements of the Project to the same extent and subject to the same limitations as are imposed upon an apartment as though the amended project had been developed initially as one project.

See Section P of the Declaration for details regarding the Developer's right to construct and add to the Project the additional apartments.

G. RESERVATION TO MERGE PHASES

The Developer has reserved the right, but is not obligated, to effect the merger of additional condominium projects and Hualalaʻi Village(or a merged project of those projects), developed by the Developer on land adjacent to 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, substantially in accordance with the terms and provisions of the Declaration of Merger of Condominium Phases, a draft copy of which is on file with the Real Estate Commission.

See Section Q 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.

H. 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. See Section Q1 of the Declaration for details regarding the Developer's right to develop the Project in increments.

I. RESERVATION TO DELETE APARTMENTS

The Developer has reserved the right to delete from the Project any of the buildings of the Project along with the apartments to be contained therein, together with those common elements that would support and service such deleted building(s) and the apartments therein (the "deleted apartments"). Upon any such deletion of the deleted apartments, the Developer may: (i) amend the Declaration to (a) revise the description of the Project to delete reference to the deleted apartments, and (b) revise the percentage common interest of each apartment in the amended project; and (ii) amend the Condominium Map to show any changes in the Project. The Developer's ability to delete the deleted apartments shall expire upon the first conveyance of any of the deleted apartments to any person or entity other than the Developer. See Section P1 of the Declaration for more details regarding the Developer's right to delete apartments from the Project.