

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer SunStone Realty Partners XIV LLC
Address 1001 Bishop Street, Pauahi Tower Suite 1250, Honolulu, Hawaii 96813
Project Name(*): THE FAIRWAY VILLAS AT WAIKOLOA BEACH RESORT
Address: Waikoloa Beach Drive, Waikoloa, Hawaii

Registration No. 4635

Effective date: June 13, 2001

Expiration date: July 13, 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:

- X PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) 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 Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

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

SPECIAL ATTENTION

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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 XIV LLC Phone: (808) 523-9881
Name* (Business)
1001 Bishop Street, Pauahi Tower, Suite 1250
Business Address
Honolulu, Hawaii 96813

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

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

Real Estate Kohala Coast Properties, Inc. Phone: (808) 886-6600
Broker*: Name (Business)
250 Waikoloa Beach Drive, Suite C-5
Business Address
Waikoloa, Hawaii 96738

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

General [to be determined] Phone:
Contractor*: Name (Business)
Business Address

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

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

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

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances Document No. _____
Book _____ 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
 Recorded - Bureau of Conveyances Condominium Map No. _____
 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
 Recorded - Bureau of Conveyances Document No. _____
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:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority Vote of Board of Directors</u>

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

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

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

[See Exhibit J to this public report]

III. THE CONDOMINIUM PROJECT

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

- 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: Lot 3 (Waikoloa Resort - Phase V) Tax Map Key (TMK): (3) 6-9-08:3
(Waikoloa Beach Drive)

Address TMK is expected to change because _____

Land Area: 9.796 square feet acre(s) Zoning: RM-1.5

Fee Owner: Waikoloa Lagoons Partners*
Name

P.O. Box 6122
Address

Kamuela, HI 96743

*See page 20

Lessor: N/A
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 15 Floors Per Building 2/3

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>165</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

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:

- Pets No pets allowed, except as may be permitted by the rules and regulations of the Waikoloa Beach Resort Master Association.
- Number of Occupants: No more than two permanent residents per bedroom. Permanent residence is defined as residence of twenty-six consecutive days or more.
- 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: 15 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>Plan 1</u>	<u>80</u>	<u>2/2</u>	<u>1085</u>	<u>119</u>	<u>Exterior lanai/storage area</u>
<u>Plan 2</u>	<u>16</u>	<u>2/2</u>	<u>1284</u>	<u>119</u>	<u>Exterior lanai/storage area</u>
<u>Plan 3</u>	<u>36</u>	<u>2/2</u>	<u>1220</u>	<u>123</u>	<u>Exterior lanai/storage area</u>
<u>Plan 4</u>	<u>30</u>	<u>3/3</u>	<u>1611</u>	<u>258</u>	<u>Entry area/exterior patio area</u>
<u>Plan 4A</u>	<u>**</u>	<u>3/3</u>	<u>1715</u>	<u>258</u>	<u>Entry area/exterior patio area</u>
<u>Plan 5</u>	<u>3</u>	<u>3/3</u>	<u>1795</u>	<u>403</u>	<u>Entry area/exterior patio/lanai/storage area</u>

Total Number of Apartments 165

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

**Apartment Plan 4A is a construction option alternative to Apartment Plan 4, 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, patios and entries, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais, patios and entries and to the interior edge of the exterior railings or other boundaries of such lanais, patios and entries, the storage area, if any, adjacent to the lanais and patios 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, patios and entries, 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 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: 210

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>71</u>	<u>94*</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>165</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u>45**</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>45</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>210</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>210</u>

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

* 3 are oversized for the handicapped

** 4 are 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 as guest parking stalls for the Project. See Exhibit J to this public report.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: Barbeque area; Trash receptacle areas

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____
(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. No variances to zoning code have been granted.
- Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

described in Exhibit C .

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

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

described in Exhibit D .

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit E .

as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated March 8, 2001 and issued by Title Guaranty of Hawaii, Incorporated .

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is <u>Foreclosed Prior to Conveyance</u>
Mortgage(s)	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 is anticipated to begin in approximately August, 2001, and is anticipated to be completed by approximately August, 2003.

H. Project Phases:

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit H contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated March 22, 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:

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. 4635 filed with the Real Estate Commission on May 8, 2001.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. **Additional Information Not Covered Above**

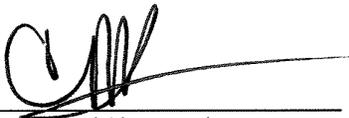
CONTRACT TO PURCHASE THE LAND.

The Developer is presently under contract to purchase the land underlying the project (Deposit Receipt Offer and Acceptance (DROA) dated September 1, 2000 between SunStone Realty Partners XIV LLC, as buyer, and Waikoloa Lagoons Partners, as seller). The scheduled closing date under the DROA is December 31, 2001, with provisions, and incentives, for early closing. If the land is not so acquired by the Developer, the Buyer's contract for the purchase of an individual apartment in the project will be cancelled, and all deposits made by the Buyer will be refunded, less escrow cancellation fee (if any).

D. The developer hereby certifies that all the information contained in this Report, 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 XIV LLC
Printed Name of Developer

By: SunStone Realty Partners XIV LLC

By: 
Duly Authorized Signatory*

May 1, 2001
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 fifteen residential apartment buildings, eight of which shall each contain fourteen apartments, six of which shall each contain eight apartments, and one of which shall contain five apartments. The Project shall also contain a "Recreation Facility" building, which shall contain no apartments. The Recreation Facility building shall contain restrooms, a pool equipment room, an exercise room, an office, a rental management office, a reception area, and a storage room. 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 apartment building types in the Project, designated as Type I, Type II and Type III. Each Building Type I shall have three floors and a loft level, and shall have fourteen apartments, ten of which are Plan 1 apartments, two of which are Plan 2 apartments and two of which are Plan 4 apartments. Each Building Type II shall have three floors, and shall have eight apartments, six of which are Plan 3 apartments and two of which are Plan 4 or Plan 4A apartments. Building Type III shall have two floors, and shall have five apartments, two of which are Plan 4 or Plan 4A apartments, and three of which are Plan 5 apartments.

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:

<u>Building</u>	<u>Building Type</u>
A	II
B	I
C	II
D	I
E	I
F	I
G	I
H	II
I	I
J	I
K	II
L	II
M	III
N	I
O	II

EXHIBIT B
PARKING STALLS

APT. #	STALL #
A1	9(H)
A2	11
A3	6
A4	8
A5	12
A6	5
A7	10
A8	7
B1	39
B2	40
B3	41
B4	42
B5	43
B6	33
B7	44
B8	24
B9	25
B10	34
B11	38
B12	37
B13	36
B14	35
C1	88(H)
C2	83
C3	84
C4	75
C5	80
C6	82
C7	79

APT. #	STALL #
C8	78
D1	106
D2	103
D3	98
D4	97
D5	102
D6	99
D7	91
D8	92
D9	93
D10	94
D11	105
D12	104
D13	101
D14	100
E1	108
E2	128
E3	96
E4	95
E5	129
E6	107
E7	130
E8	131
E9	132
E10	133
E11	109
E12	126
E13	127
E14	110

APT. #	STALL #
F1	120
F2	119
F3	118
F4	114
F5	115
F6	113
F7	117
F8	123
F9	124
F10	116
F11	121
F12	122
F13	112
F14	111
G1	146
G2	145
G3	144
G4	140
G5	141
G6	139
G7	143
G8	158
G9	159
G10	142
G11	147
G12	148
G13	138
G14	137
H1	198(H)
H2	151
H3	149

APT. #	STALL #
H4	153
H5	191
H6	192
H7	197
H8	152
I1	208
I2	207
I3	206
I4	203
I5	202
I6	201
I7	205
I8	195
I9	196
I10	204
I11	209
I12	210
I13	199
I14	200
J1	188
J2	183
J3	184
J4	186
J5	185
J6	181
J7	178
J8	177
J9	176
J10	175
J11	189
J12	187

APT. #	STALL #
J13	182
J14	190
K1	179
K2	171
K3	170
K4	180
K5	168
K6	169
K7	173
K8	172
L1	167
L2	164
L3	163
L4	160
L5	162
L6	161
L7	166
L8	165
M1	57
M2	56
M3	55
M4	54
M5	53

APT. #	STALL #
N1	29
N2	19
N3	21
N4	20
N5	28
N6	32
N7	23
N8	17
N9	18
N10	22
N11	30
N12	27
N13	26
N14	31
O1	16
O2	4
O3	3
O4	15
O5	2
O6	1
O7	14
O8	13

Note: 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 "(H)" indicates a parking stall that is oversized for the handicapped. The additional "(H)" 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 to be used as a guest parking stall for 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/patio 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, if any.
4. All sidewalks, pathways, retaining walls, driveways, roads, parking areas and parking stalls.
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 "Recreation Facility" and related amenities, including restrooms, showers, pool 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 the uncovered parking stall(s) designated on Exhibit "B" to this Public Report.

2. Carports/Garages:

The air space within the perimeter walls or other exterior boundaries of each carport or garage area, and the interior surfaces of such perimeter walls, are limited common elements appurtenant to the apartment(s) to which the parking stall(s) therein are appurtenant.

3. Stairways and Landings:

Each stairway and landing area providing access to upper floor apartments 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.

EXHIBIT E
COMMON INTERESTS

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
Plan 1 (80)	B2, B3, B4, B5, B7, B8, B9, B10, B11, B14, D2, D3, D4, D5, D7, D8, D9, D10, D11, D14, E2, E3, E4, E5, E7, E8, E9, E10, E11, E14, F2, F3, F4, F5, F7, F8, F9, F10, F11, F14, G2, G3, G4, G5, G7, G8, G9, G10, G11, G14, I2, I3, I4, I5, I7, I8, I9, I10, I11, I14, J2, J3, J4, J5, J7, J8, J9, J10, J11, J14, N2, N3, N4, N5, N7, N8, N9, N10, N11, N14	.00529 (0.529%)
Plan 2 (16)	B12, B13, D12, D13, E12, E13, F12, F13, G12, G13, I12, I13, J12, J13, N12, N13	.00626 (0.626%)
Plan 3 (36)	A2, A3, A5, A6, A7, A8, C2, C3, C5, C6, C7, C8, H2, H3, H5, H6, H7, H8, K2, K3, K5, K6, K7, K8, L2, L3, L5, L6, L7, L8, O2, O3, O5, O6, O7, O8	.00596 (0.596%)
Plan 4 (30)	A1, A4, B1, B6, C1, C4, D1, D6, E1, E6, F1, F6, G1, G6, H1, H4, I1, I6, J1, J6, K1, K4, L1, L4, M1, M5, N1, N6, O1, O4	.00786 (0.786%)
Plan 4A	*	.00786 (0.786%)
Plan 5 (3)	M2, M3, M4	.00876 (0.876%)

* Apartment Plan 4 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. Designation of Easement "3" for archaeological purposes, as shown on File Plan No. 2001.
4. Designation of Easement "4" (15 feet wide) for golf cartpath and irrigation line purposes, as shown on File Plan No. 2001.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort dated as of April 1, 1980, effective on April 23, 1980, recorded at the Bureau of Conveyances as Document No. 14670 at Page 531, as amended and/or supplemented by the following instruments:
 - (a) dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 607,
 - (b) dated December 30, 1980, effective December 30, 1980, recorded in Liber 15297 at Page 147,
 - (c) dated June 10, 1981, effective as of July 1, 1981, recorded in Liber 15676 at Page 497,
 - (d) dated October 29, 1985, recorded in Liber 19071 at Page 562,
 - (e) dated December 20, 1985, recorded in Liber 19166 at Page 388,
 - (f) dated December 9, 1985, recorded in Liber 19166 at Page 392,
 - (g) dated December 20, 1985, recorded in Liber 19166 at Page 412,
 - (h) dated as of June 1, 1986, recorded in Liber 19792 at Page 339,
 - (i) dated as of May 1, 1989, recorded in Liber 23187 at Page 750,
 - (j) dated as of August 24, 1989, recorded in Liber 23588 at Page 784,
 - (k) dated October 25, 1989, recorded in Liber 23806 at Page 164,
 - (l) dated as of September 8, 1989, recorded in Liber 24007 at Page 530, Joinder and Consent (WBR) dated February 26, 1990, recorded as Document No. 90-057829,
 - (m) dated as of May 21, 1990, recorded as Document No. 90-074294,
 - (n) dated as of May 24, 1990, recorded as Document No. 90-077240,
 - (o) dated as of August 7, 1990, recorded as Document No. 90-120680,
 - (p) dated as of September 27, 1990, recorded as Document No. 90-150228, Joinder and Consent dated September 26, 1990, recorded as Document No. 90-150229,
 - (q) dated October 9, 1991, recorded as Document No. 91-166876,
 - (r) dated March 12, 1993, but effective as of August 16, 1990, recorded as Document No. 93-041631,
 - (s) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041633,
 - (t) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041635,
 - (u) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041637,
 - (v) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041639,

- (w) dated April 1, 1993, but effective as of February 8, 1991, recorded as Document No. 93-067585, and
- (x) dated November 3, 1993, recorded as Document No. 93-203157.

SUPPLEMENTAL DECLARATION dated May 1, 1989, recorded in Liber 23179 at Page 433, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, "Assignee".

By an instrument entitled "CONSENT AND SUBORDINATION TO SUPPLEMENTAL DECLARATION (RELEASING COVERED PROPERTY); SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT; AND SUPPLEMENTAL DECLARATION (ANNEXING REAL PROPERTY)" dated December 4, 1985, recorded in Liber 19166 at Page 420, consent is given by AETNA LIFE INSURANCE COMPANY, as Mortgagee under Mortgage recorded in Liber 14671 at Page 150.

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

INSTRUMENT : DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE

DATED : as of April 1, 1980, effective on April 23, 1980
RECORDED : Liber 14670 Page 631

Said Declaration was amended and/or supplemented by the following instrument, namely,

- (a) dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 674,
- (b) dated December 20, 1985, recorded in Liber 19166 at Page 426,
- (c) dated December 20, 1985, recorded in Liber 19166 at Page 434,
- (d) dated December 20, 1985, recorded in Liber 19166 at Page 438,
- (e) dated December 20, 1985, recorded in Liber 19166 at Page 448,
- (f) dated as of June 1, 1986, recorded in Liber 19792 at Page 344,
- (g) dated as of May 1, 1989, recorded in Liber 23187 at Page 757,
- (h) dated as of August 24, 1989, recorded in Liber 23588 at Page 788,
- (i) dated October 25, 1989, recorded in Liber 23806 at Page 168,
- (j) dated as of September 8, 1989, recorded in Liber 24007 at Page 521, Joinder and Consent (WBRC) dated February 26, 1990, recorded as Document No. 90-057830,
- (k) dated as of May 21, 1990, recorded as Document No. 90-074295,
- (l) dated as of May 24, 1990, recorded as Document No. 90-077241,
- (m) dated as of August 7, 1990, recorded as Document No. 90-120681,
- (n) dated as of September 27, 1990, recorded as Document No. 90-150230, and
- (o) dated May 1, 1995, recorded as Document No. 95-060406.

SUPPLEMENTAL DECLARATION (ASSIGNING DECLARANT'S RIGHTS) dated December 27, 1990, recorded as Document No. 91-060953, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a Hawaii limited partnership, "Assignee".

By an instrument entitled "CONSENT AND SUBORDINATION TO FIRST AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE; SUPPLEMENTAL DECLARATION (RELEASING COVERED PROPERTY); SECOND AMENDMENT TO DECLARATION; AND SUPPLEMENTAL DECLARATION (ANNEXING REAL PROPERTY)", dated December 4, 1985,

recorded in Liber 19166 at Page 456, consent is given by AETNA LIFE INSURANCE COMPANY, as Mortgagee under Mortgage recorded in Liber 14671 at Page 150.

Said Declaration was further amended by FOURTH AMENDMENT TO AND RESTATEMENT OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE dated May 1, 1998, recorded as Document No. 98-138993.

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

INSTRUMENT : DEED

DATED : May 24, 1990
RECORDED : Document No. 90-077247

The foregoing includes, but is not limited to, matters relating to the following:

- (a) "Excepting and reserving unto Grantor, and its successors and assigns, a perpetual, exclusive easement for archaeological purposes over, under, across, along, upon and through those portions of Easement 3 as shown on File Plan 2001, filed in the Bureau of Conveyances of the State of Hawaii, which fall within the granted premises.

Also excepting and reserving unto Grantor, and its successors and assigns, a perpetual, nonexclusive easement for golf cartpath and irrigation pipeline purposes over, under, across, along, upon and through Easement 4 as shown on File Plan 2001, filed in the Bureau of Conveyances of the State of Hawaii, affecting said Lot 6 and the granted premises.

Also excepting and reserving unto Grantor, and its successors and assigns, all water and water rights within or belonging or appertaining to or under the granted premises, together with the right to assign and transfer said rights to the State or Hawaii, County of Hawaii, any appropriate governmental agency, public utility, and/or any other corporation, partnership or individual; provided, however, that in the exercise of said rights, the Grantor, its successors and assigns, shall not have the right to drill upon or otherwise disturb the surface of the land within the granted premises or any improvements thereon."; and

- (b) Restrictions relative to construction within the building setback line area as more particularly described therein.

8. GRANT OF EASEMENT in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, dated May 20, 1991, recorded as Document No. 91-168743.

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

INSTRUMENT : GOLF COURSE LICENSE AGREEMENT

DATED : October 28, 1992
RECORDED : Document No. 92-178511
PARTIES : WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, and TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a Hawaii general partnership

Said License Agreement is subject to the following:

REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a duly registered Hawaii general partnership

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : December 24, 1992
RECORDED : Document No. 92-210170

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : June 6, 1998
RECORDED : Document No. 98-102771

10. Unrecorded Roadway License dated October 18, 1983, as amended by instruments dated March 12, 1993, effective August 16, 1990, recorded as Document No. 93-041632, and dated May 4, 1995, effective October 17, 1993, recorded as Document No. 95-064087.
11. Declaration of Condominium Property Regime of The Fairway Villas at Waikoloa Beach Resort dated _____, recorded in the Bureau of Conveyances as Document No. _____, as may be amended from time to time.
12. Condominium Map No. _____, and any amendments thereto.
13. Bylaws of the Association of Apartment Owners of The Fairway Villas at Waikoloa Beach Resort dated _____, recorded in the Bureau of Conveyances as Document No. _____, as may be amended from time to time.

EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES

The Fairway Villas at Waikoloa Beach Resort		
Apartment Type	Monthly Fee (per apt.)	Yearly Total (per apt.)
Plan 1	\$275	\$3,300
Plan 2	\$325	\$3,900
Plan 3	\$310	\$3,720
Plan 4	\$409	\$4,908
Plan 4A	\$409	\$4,908
Plan 5	\$455	\$5,460

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

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air conditioning		
Electricity		
[] common elements only	1650	19800
[] common elements and apartments		
Elevator		
Gas		
[] common elements only		
[] common elements and apartments		
Refuse Collection	1650	19800
Telephone	200	2400
Water and Sewer	6275	75300

Maintenance, Repairs and Supplies

Building	500	6000
Grounds	6000	72000

Management

Management Fee	2922	35063
Payroll and Payroll Taxes	10000	120000
Office Expenses	350	4200

Insurance 4500 54000

Reserves(*) 8000 96000

Taxes and Government Assessments 75 900

Audit Fees 400 4800

Other 4453 53437

MASTER HOA 5000 60000

TOTAL 51975 623700

I, Nancy T. Ronley, as agent for and/or employed by Management Consultants of Hi the condominium managing agent/developer for the _____ condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Nancy T. Ronley
Signature

March 27, 2001
Date

(*) Mandatory reserve assessments 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 §14-A-26.6, HRS, and the replacement reserve rules, Section 6, Title 16, Chapter 107, Hawaii Administrative Rules, as applicable.

Pursuant to §14-A-23.6, HRS, a new association created after January 1, 1993, need not collect mandatory 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 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 XIV LLC,
a Hawaii limited liability company

By: _____


Name: CURTIS D. DEWESE

Title: Manager

Date: May 1, 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 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) Under certain circumstances, in accordance with the Condominium Property Act, the purchaser's funds may be disbursed to the Developer to pay for construction and other costs of the Project.

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. 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.