

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer WB KUKIO RESORTS, LLC, a Delaware limited liability company
Address P.O. Box 5439, Kailua-Kona, Hawaii 96745
Project Name(*): THE KUKI'O BEACH CLUB AND COTTAGES
Address: Mile Marker 87, Queen Kaahumanu Highway, Kailua-Kona, Hawaii 96740

Registration No. 4644

Effective date: June 27, 2002
Expiration date: July 27, 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.
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.

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: See Exhibit A. Some changes may be deemed significant by certain buyers. Examine with care.

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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 a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: WB Kukio Resorts, LLC Phone: (808) 325-1000
Name* (Business)
P. O. Box 5439
Business Address
Kailua-Kona, Hawaii 96745

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):

Westbrook United Land Investments, L.P., managing member
G & K Development LLC, member

Real Estate
Broker*: Kukio Real Estate Company, LLC Phone: (808) 325-1000
Name (Business)
P.O. Box 5349
Business Address
Kailua-Kona, Hawaii 96745

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General
Contractor*: Albert C. Kobayashi, Inc. Phone: (808) 671-6460
Name (Business)
94-535 Ukee Street
Business Address
Waipahu, Hawaii 96797

Condominium
Managing
Agent*: Augustine Realty Phone: (808) 326-7170
Name (Business)
P.O. Box 2020
Business Address
Kailua-Kona, Hawaii 96745

Attorney for
Developer: Eric A. James Phone: (808) 523-2500
Name (Business)
Carlsmith Ball LLP, 1001 Bishop Street, Suite 2200
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. 2002-095341
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3445
 Filed - Land Court Condo Map No. _____

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

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 2002-095342
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

- D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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 Subleasehold: 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: Mile Marker 87, Queen Kaahumanu Hwy. Tax Map Key (TMK):(3) 7-2-4-5
North Kona, Hawaii

Address TMK is expected to change because: Not Applicable.

Land Area: 18.267 square feet; [**X**] acre(s) Zoning: V-1.0 (Resort/Hotel) & C/V-10
(Village Commercial)

Fee Owner: WB Kukio Resorts, LLC
 Name
1001 Bishop Street, Pauahi Tower # 1570
 Address
Honolulu, Hawaii 96813

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: 61 Floors Per Building: 2 for Beach Club Apartment Clubhouse, 1 for all others
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Cement Plaster, Veneer Plaster and Tile. _____

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	<u>Use Permitted by Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other (Resort)	<u>18</u>	<input checked="" 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: Owners and occupants of Cottage Apartments are permitted to keep two (2) dogs, cats, or other usual common household pets, or any combination thereof, within such Owner or occupant's Cottage Apartment.

Number of Occupants: _____

Other: Section F of the Project's Declaration provides that the Cottage Apartments may be occupied and used only as private dwellings by the respective Owners thereof, their tenants, families, domestic servants or caregivers, and social guests. Under no circumstances may any of the Cottage Apartments be used for timesharing, as such term is defined in Hawaii Revised Statutes, Chapter 514E.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf) *</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
C-1	1	**	2,141	298	lanai
C-2	1	**	1,975	282	lanai
C-3	1	**	2,119	298	lanai
C-4	1	**	2,153	298	lanai
C-5	1	**	1,766	298	lanai
C-6	1	**	2,174	298	lanai
C-7	1	**	2,185	442	lanai
C-8	1	**	2,534	298	lanai
C-9	1	**	2,663	298	lanai
C-10	1	**	2,114	298	lanai
C-11	1	**	2,525	298	lanai
C-12	1	**	2,191	298	lanai
C-13	1	**	2,213	298	lanai
C-14	1	**	2,437	298	lanai
C-15	1	**	2,445	298	lanai
C-16	1	**	1,882	274	lanai
C-17	1	**	2,116	298	lanai
C-18	1	**	2,262	298	lanai
Beach Club	1	n/a	28,524	4,249	lanai
				321	Massage

Total Number of Apartments: 19

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. Other documents and maps may give floor area figures which differ from those above because of different method of determining the floor area may have been used.

** Units will be sold without a pre-designated number of bedrooms, baths or layouts. The Developer has reserved the right to reconfigure but not change the area of the interior space of an Apartment at any time prior to the recordation of an Apartment Deed for such Apartment. Upon such reconfiguration, the Developer will amend the Condominium Map, Declaration, Bylaws and other documents that the Developer deems necessary to effectuate such reconfiguration.

Boundaries of Each Apartment:

As set forth in Section B.2(b) of the Declaration, each Cottage Apartment consists of the improvements, fixtures and space located within the undecorated or unfinished surfaces of each cottage building's perimeter walls, interior load-bearing walls, floors and ceilings. Purchasers should review Declaration Section B.2(b) for a full description of what is and what is not included in each Cottage Apartment. The Beach Club Apartment includes the entirety of all buildings of which it consists.

Permitted Alterations to Apartments:

No Owner of a Cottage Apartment may construct any additional building, structural alteration or addition to any building within his Cottage Apartment. Generally, internal alterations to the Cottage Apartments are permitted only with the prior approval of the Project's Board of Directors. All purchasers should review the restrictions, requirements and conditions for Apartment alterations which are contained in Section M.2 of the Declaration and Section J.6 of the Bylaws.

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 not elected to provide the information in a published announcement or advertisement because of the Project's intended resort use.

7. Parking Stalls:

Total Parking Stalls: 116

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>0</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18</u>
Guest	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: Beach Club	<u>0</u>	<u>55</u>	<u>0</u>	<u>38</u>	<u>0</u>	<u>0</u>	<u>93</u>

Total Covered & Open: 73 38 0 116

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.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities. The pools, tennis courts and other facilities located in the Project are all part of the Beach Club Apartment and are available for use only by members of the Beach Club and their accompanied guests. Purchasers of Cottage Apartments do not automatically become members of the Beach Club or otherwise acquire any right to use such facilities.

- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: _____

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 C*.

as follows:

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

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

described in Exhibit _____.

as follows:

<u>Apartment No.</u>	<u>Common Interest (%)</u>	<u>Apartment No.</u>	<u>Common Interest (%)</u>
C-1	3.110	C-11	3.600
C-2	2.878	C-12	3.174
C-3	3.082	C-13	3.202
C-4	3.125	C-14	3.487
C-5	2.632	C-15	3.498
C-6	3.152	C-16	2.749
C-7	3.350	C-17	3.078
C-8	3.611	C-18	3.264
C-9	3.737	Beach Club	42.196
C-10	3.075		

Notwithstanding the foregoing, the charges, costs and expenses of operating, maintaining and replacing the chilled water generation and distribution system shall be assessed as set forth in Section E.4 of the Bylaws and the charges, costs and expenses of operating, maintaining and replacing the entry roadway and the parking stalls in the Common Element parking lot shall be assessed as set forth in Section E.5 of the Bylaws.

As described in Section B.4 of the Declaration and Section F.1(c) of the Bylaws for this project, the owner of the Beach Club apartment bears 100% of the costs of maintaining, operating, repairing and replacing the Limited Common Elements that are appurtenant to the Beach Club Apartment (see Exhibit C) other than its parking stalls located within the Common Element parking lot. As described in Section B.4 of the Declaration and Section F.1(b) of the Bylaws for this Project, expenses of operating, maintaining, repairing and replacing the Limited Common Elements that are appurtenant to the Cottage Apartments (see Exhibit C) will be paid by the owners of the Cottage Apartments only. Such expenses are allocated among the Cottage Apartment owners based on the following percentages, and are included in the Estimate of Initial Maintenance Fees attached as Exhibit E:

<u>Cottage Apt. No.</u>	<u>% of Ltd. Common Expense</u>	<u>Cottage Apt. No.</u>	<u>% of Ltd. Common Expense</u>
C-1	5.380	C-10	5.321
C-2	4.979	C-11	6.227
C-3	5.332	C-12	5.490
C-4	5.407	C-13	5.539
C-5	4.553	C-14	6.033

C-6	5.453	C-15	6.051
C-7	5.795	C-16	4.756
C-8	6.247	C-17	5.325
C-9	6.465	C-18	5.647

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 D describes the encumbrances against the title contained in the title report dated June 3, 2002 and issued by First American Title Company, Ltd.

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.
- 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 only if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Not Applicable	

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Beach Club Apartment:

- a. Building and Other Improvements. The Developer has entered into a construction contract with the general contractor for the Beach Club Apartment whereby the general contractor has agreed to issue the customary warranty to correct any work found defective within one (1) year after the date of substantial completion of the work (as such terms will be defined in the construction contract) ("Contractor's Warranty"). The Developer does not make this warranty but will merely pass on the Contractor's Warranty upon transfer to the Owner of the Beach Club Apartment. The Developer's obligations with respect to any defects will be limited to assisting such Owner in presenting to the contractor any claims based on such warranty; it being understood that such Contractor's Warranty is limited to defects reported in writing to the Developer within the first year following the date of substantial completion of the work.
- b. Appliances. Upon transfer, the Developer will assign to the Owner of the Beach Club Apartment without recourse all manufacturer's or dealer's warranties covering the furnishings and appliances in the Beach Club Apartment.

2. Cottage Apartments:

- a. Building and Other Improvements. The Developer shall warrant to a purchaser of a Cottage Apartment that (i) the Cottage Apartment shall be constructed in strict compliance with the Cottage Specifications; (ii) the quality of the workmanship and construction of the Cottage Apartment shall be at least equivalent to that found in comparable luxury residential condominium projects built in Hawaii as of the date of the Sales Contract; and (iii) the purchaser's rights shall include all warranty rights under contract and law. Such warranty shall include, but shall not be limited to, any warranties that are for the benefit of the Developer under the Developer's contracts with the general contractor, subcontractors, consultants and suppliers for the Project, including any extended warranties that the Developer receives under such contracts. The warranty period for the Developer's warranty shall be one (1) year from the date of substantial completion (as such term is defined in the construction contract for the Cottage Apartments) of the Cottage Apartment, unless the item is covered by an extended

warranty, in which event the warranty period of the extended warranty shall apply. The expiration of the warranty period for the Developer's warranty shall not affect in any way the purchaser's right to bring claims for defective construction, against the Developer or any other responsible parties, within the time periods set forth in Chapter 657, Hawaii Revised Statutes, or other applicable statute of limitations period.

Without in any way limiting the foregoing, following the date of substantial completion of the work, the Developer shall correct any claims for defective work for the duration of the Developer's warranty, it being understood that such warranty is limited to defects reported in writing to the Developer within the warranty period. Initially, such claims will be handled through the customary warranty issued by the general contractor for the benefit of Seller to correct any work found defective within. If such claims are not remedied thereafter under the Contractor's Warranty, the Developer shall personally remedy such claims.

- b. Appliances. In addition, the Developer shall provide a purchaser of a Cottage Apartment with a warranty equivalent to (i) any subcontractors' or materialmen's warranties that the contractor may have secured for the benefit of purchasers; and (ii) any manufacturer's or dealer's warranties covering the furnishings and appliances in the Cottage Apartment. The duration of the Developer's warranty contained in this subparagraph 2.b shall be co-extensive with the underlying warranties referenced in this subparagraph 2.b.

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

Construction of the Beach Club Apartment commenced in August of 2001. Site work and construction of the infrastructure for the Cottage Apartments commenced in October of 2001. Construction of all Cottage Apartments is expected to commence no later than March 1, 2003. The Project is currently expected to be completed by December 1, 2003. Please note that these dates are estimates only and the actual dates of completion may vary.

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:

[n/a] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated April 13, 2001.

Exhibit G contains a summary of the pertinent provisions of the escrow contract.

[] 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, Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, 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. 4644 filed with the Real Estate Commission on May 30, 2001.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

The Project is a part of a master-planned community known as Kukio (the "Planned Community"). The Planned Community is intended to be developed and sold in multiple phases. It is currently contemplated that, when fully completed, the Planned Community will encompass residential parcels, a private lodge with full hotel services, multifamily housing, recreational amenities including a private 18 hole golf course and 10 hole practice golf facility and the Beach Club which is a part of the Project. The Developer will also develop an approximately 7.5 acre coastline park, called Kikaua Point Park, adjacent to the Planned Community. The park will be used by purchasers in the Planned Community and by the public. The Developer, however, makes no guarantee or warranty that all of the currently planned lots, the golf course(s) and other recreational amenities will be developed.

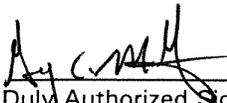
The Developer is currently developing and selling subdivided lots in the Planned Community that are designated for single-family residential use and that are located adjacent to or in the general vicinity of the Project. The Developer has registered those lots with the Subdivision Registration Division of the State of Hawaii Department of Commerce and Consumer Affairs and with the U.S. Department of Housing and Urban Development's Office of Interstate Land Sales Registration. In connection with such registrations, the Developer has prepared and is providing to lot purchasers a Public Offering Statement and a Property Report, respectively, that contain extensive information regarding the Planned Community, its physical environment, and other items which may be of interest to Apartment purchasers. Accordingly, the Public Offering Statement and the Property Report, which are generally described in **Exhibit H** and **Exhibit I**, respectively, will be made available to prospective purchasers upon their request.

The purchase of a condominium unit in the Kukio Beach Club & Cottages project does not confer upon the purchaser any rights to the subdivided lots, which are currently being sold independent of the condominium units, nor are condominium purchasers obligated to buy lots. Likewise, lot sales do not afford lot purchasers any rights to the condominium project. Sales are completely separate. However, Exhibits H and I provide an overview of the Kukio master-planned community that may be helpful to condominium purchasers.

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

WB Kukio Resorts, LLC, a Delaware limited liability company
 Printed Name of Developer

By Westbrook United Land Investments, L.P., Its Managing Member
 By Westbrook United, L.L.C., Its General Partner

By:  5/19/02
 Duly Authorized Signatory* Date

Greg C. McGowan, Vice President, Westbrook United, L.L.C.
 Print Name & Title of Person Signing Above

Distribution:

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

** Must be signed for a: corporation by an officer; partnership of 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
LIST OF CHANGES FROM EARLIER PUBLIC REPORTS

1. The Declaration, Bylaws and Condominium Map have been recorded in the Bureau of Conveyances of the State of Hawaii, with certain revisions from the drafts filed with the preliminary public report. See page 6 of this public report.
2. The Declaration has been revised as follows:
 - a. Each Cottage Apartment now includes all of the walls within its perimeter walls (including interior load bearing walls) and any pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines which serve only that Apartment. These items are no longer limited common elements of the Apartments. See Section B.2b of the Declaration.
 - b. Transient or hotel purposes have been deleted as a permitted use of the Apartments. Food service has been added as a permitted use of the Beach Club Apartment. See Sections F.1 and F.2 of the Declaration.
 - c. Cottage Apartment Owners may not construct additional buildings, structures or additions (including decks) or modify the exterior color of their Apartment. See Section F.5 of the Declaration.
 - d. The Developer no longer reserves the right to annex or merge additional phases into the Project. Section N.1 of the draft filed with the preliminary public report has been deleted accordingly.
 - e. The Developer has reserved the right to grant from time to time within the Common Elements (a) easements and rights of way over, under and across the Common Elements for pedestrian and vehicular access, parking, utilities, sanitary and storm sewers, drains, cable television and other utility services and (b) in its capacity as Declarant under the Master Declaration easements as provided in Article X of the Master Declaration. The Developer has also reserved the right to relocate, realign or cancel the same, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any Apartment. See Section N.1 of the Declaration.
 - f. The Developer has reserved the right, at any time prior to the recordation of an Apartment Deed regarding such Apartment, to reconfigure the interior space of such Apartment as shown on the Condominium Map and to amend the Condominium Map and the Declaration to reflect such reconfiguration, and to make such other amendments to the Declaration, Bylaws, Condominium Map, and other document necessary or convenient to effectuate the reconfiguration of the Apartment. In no event, however, shall any such amendment affect the Common Interest appurtenant to any Apartment. See Section N.4 of the Declaration.
 - g. The Developer, as the Declarant under the Master Declaration, has reserved the right to amend and/or supplement the Master Declaration and the Kukio Residential Design Guidelines in accordance with Articles VIII and XXI of the Master Declaration. See Section N.5 of the Declaration.
 - h. No amendment of any provision of the Declaration specifically pertaining to the Beach Club Apartment, the Common Interest or Limited Common Elements appurtenant thereto, or the rights of the Owner thereof shall be effective without the consent of the Owner of the Beach Club Apartment. See Section O of the Declaration.
 - i. The description of the land underlying the Project has been revised to reflect the following: (i) amendments/supplements to the Master Declaration and Declaration of Access Easement; (ii) that certain Grant of Easement dated May 20, 2002, recorded in the Bureau as Document No. 2002-093549 over Lot A; (iii) that certain Grant of Nonexclusive Access Easement dated March 25, 2002, recorded in the Bureau as Document No. 2002-05489; (iv) that certain Grant of Nonexclusive Access Easement dated May 20, 2002, recorded in the Bureau as Document No. 2002-093550; and (v) Association easements in favor of the Kukio Community Association, Inc., as shown on the Condominium Map. See Exhibit A to the Declaration.

- j. The parking stalls for the Beach Club Apartment have been reassigned. 93 unassigned stalls have been designated to the Beach Club Apartment. In addition, there will now be five (5) unassigned guest stalls to be maintained by the Owner of the Beach Club Apartment. See Exhibit C to the Declaration.
 - k. The Common Interests and areas of the Apartments have been revised. See Exhibit C to the Declaration.
 - l. The descriptions of the Apartment types and layouts have been revised. See Exhibit D to the Declaration.
 - m. "Phase I" has been deleted from the Project's Name.
3. The Bylaws have been revised as follows:
- a. Owners and occupants of the Cottage Apartments are now permitted to keep two(2) dogs, cats, or other usual common household pets, or any combination thereof, within their Apartment. See Section E.3 of the Bylaws.
 - b. The cost of providing condenser water to each Apartment shall be an expense of that Apartment. Maintenance and repair of the chilled-water generation and distribution system shall be allocated based on usage during the preceding calendar year. For the first year of operation of such system, such allocations shall be based on each Apartment's proportionate share of the Common Interest. See Section E.4 of the Bylaws.
 - c. The charges, costs and expenses of operating, maintaining and replacing the entry roadway and the parking stalls in the Common Element parking lot that are appurtenant to each Apartment shall be allocated against all Owners based upon each Owner's proportionate interest in the parking lot. The proportionate interest of the Beach Club Apartment is 83.8% and the proportionate interest of the Cottage Apartments together is 16.2%. The charges, costs and expenses allocated to the Beach Club Apartment shall be an expense of the Beach Club Apartment and the charges, costs and expenses allocated to the Cottage Apartments shall be shared equally between all Cottage Apartment Owners. See Section E.5 of the Bylaws. The Association has the right to recover a portion of these costs from the adjoining landowner.
 - d. The allocations of the charges costs and expenses associated with the Limited Common Elements appurtenant to the Cottage Apartments have been revised. See Section F.1.b of the Bylaws.
 - e. No amendment of any provision of the Bylaws specifically pertaining to the Beach Club Apartment, the Common Interest or Limited Common Elements appurtenant thereto, or the rights of the Owner thereof shall be effective without the consent of the Owner of the Beach Club Apartment. See Section J.15 of the Bylaws.
4. The House Rules have been revised as follows:
- a. Owners and occupants of the Cottage Apartments are now permitted to keep two(2) dogs, cats, or other usual common household pets, or any combination thereof, within their Apartment. See Section A.3 of the House Rules.
5. The Sales Contract has been revised as follows:
- a. The payment schedule has been revised to provide for an initial payment followed by monthly progress payments based on invoices supported by certification from the Developer's architect. See Section C.2 of the Sales Contract.
 - b. The Cottage Specifications are to be negotiated between the Developer and the purchaser and attached to the Sales Contract as an exhibit. See Section D (Definitions) of the Sales Contract.
 - c. Purchaser's deposits will be placed into an interest bearing account, with all of the interest to be credited to the purchaser at Closing. The purchaser shall pay any processing fee required by Escrow and all costs of setting up, maintaining and closing the account. See Section D.6 of the Sales Contract.
 - d. The Contractor's Warranty has been revised to provide for a warranty by the Developer. See Section D.18 of the Sales Contract.

- e. A purchaser and its designated representative may inspect the Cottage while it is being constructed, so long as they are accompanied at all times by the Developer's representative, comply with all safety requirements, and do not interfere with the work of the general contractor. See Section D.29 of the Sales Contract.
 - f. A purchaser may assign the Sales Contract to affiliated entities for estate planning purposes without the consent of the Developer, provided that any such assignment shall not release the purchaser from its obligation under the Sales Contract. See Section D.31 of the Sales Contract.
 - g. The provision providing for cancellation of the Sale Contract in the event of the death of a purchaser has been deleted.
 - h. Other revisions necessary to conform to revisions to the Declaration, Bylaws and Condominium Map.
6. The draft of the Condominium Map submitted with the preliminary public report has been revised.

EXHIBIT B

Rights Reserved by Developer

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

7. As set forth in Section N.1 (Reservation of Power to Grant Easements) of the Declaration, the Developer may exercise its reserved right to grant from time to time within the Common Elements, including without limitation the roadways, parking areas, parking stalls, golf cart paths, and walkways in the Project, (a) easements and rights-of-way over, under, and across the Common Elements for pedestrian and vehicular access, parking, utilities, sanitary and storm sewers, drains, cable television and other utility services, (b) in its capacity as Declarant under the Master Declaration, easements as provided in Article X of the Master Declaration, and (c) the right to relocate, realign or cancel the same, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any apartment.
8. As set forth in Section N.3 (Reservation of Right to Make Amendments Required by Government Agencies and Others) of the Declaration, the Developer may exercise its reserved right make at any time prior to the recordation of an Apartment Deed for the last Apartment in the project, amendments to the Declaration, the Bylaws, or the Condominium Map that are required by law, by the Real Estate Commission, by a title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that such amendments shall not change the Common Interest appurtenant to an Apartment or substantially change the design, location or size of any Apartment for which an Apartment Deed has been recorded.
9. As set forth in Section N.4 (Reconfiguration of Apartments) of the Declaration, the Developer may amend the Declaration, Bylaws and Condominium Map, at any time prior to the recordation of an Apartment Deed for such Apartment, to reconfigure the interior space of any of the Apartments as shown on the Condominium Map, to among other things, increase or decrease the interior square footage of an Apartment, or install, remove, alter, relocate or rearrange floors, interior walls, partitions, ceilings, and structures, exterior doors, fixtures, pipes, wiring, ducts, valves, conduits, controls, cables, and other equipment serving such Apartment, regardless of whether such equipment is located outside of such Apartment. In no event, however, shall such amendments affect the Common Interest appurtenant to any other Apartment.
10. As set forth in Section N.5 (Amendment and Supplement of Master Declaration and Design Guidelines) of the Declaration, the Developer, as the Declarant under the Master Declaration, reserves the right to amend and/or supplement the Master Declaration and the Kukio Residential Design Guidelines in accordance with the provisions of the Master Declaration.
11. As set forth in Section O (Amendment of Declaration) of the Declaration, the Developer has reserved the right to amend the Declaration to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act.
12. As set forth in Section O (Amendment of Declaration) of the Declaration, the Developer has reserved the right to amend the Declaration to assign or change the assignments of individual parking stalls to individual Apartments for which an Apartment Deed has not been recorded, which assignments or changes in assignments shall be accomplished by an amendment to the Declaration.

EXHIBIT C

Common Elements and Limited Common Elements

The Common Elements of the Project include:

1. The Land, in fee simple, and any and all easements and appurtenances thereto.
2. The foundations, perimeter walls, and roofs of the Cottage Apartments, (ii) the undecorated or unfinished surfaces of the perimeter walls of the Cottage Apartments, and (iii) the undecorated or unfinished surface of the floors and ceilings surrounding each Cottage Apartment.
3. The Beach Club Grounds, and all Cottage Yards, and all yards, grounds, planters, landscaping, ponds and refuse facilities.
4. All roads, parking areas, driveways, and walkways.
5. All ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one Apartment and other central and appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. The Beach Club pool, lap pool, children's pool, and two (2) tennis courts shown on the Condominium Map.
7. The swimming pools located within each of the Cottage Yards.
8. The chilled-water generation and distribution system that distributes chilled-water to the air conditioning systems in the Apartments.
9. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

The Limited Common Elements of the Project include:

1. Cottage Apartment Facilities. The following structures and facilities are Limited Common Elements appurtenant to the Cottage Apartments, collectively: (i) The foundations, perimeter walls and roofs of the Cottage Apartments, (ii) the undecorated or unfinished surfaces of the perimeter walls of the Cottage Apartments, (iii) the undecorated or unfinished surface of the floors and ceilings surrounding each Cottage Apartment, and (iv) any pipes, shafts, ducts, pumps, valves, wires, conduits or other utility or service lines serving multiple Cottage Apartments.
2. Cottage Yards. Each Cottage Apartment has as a Limited Common Element the Cottage Yard surrounding the Apartment as shown on the Condominium Map, including the swimming pool and the golf cart parking area located therein.
3. Beach Club Apartment Limited Common Elements. The Beach Club Apartment has as a Limited Common Element the following structures and facilities: (i) the Beach Club Grounds, (ii) the pool, lap pool, children's pool, and two (2) tennis courts shown on the Condominium Map, and (iii) all ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve only the Beach Club Apartment.
4. Parking. Each Apartment will have as a limited common element the parking stall(s) designated for such Apartment on Exhibit "D" to the Declaration.

EXHIBIT D

Encumbrances Against Title

The following are the encumbrances against title to the Project that are contained in the title report dated June 3, 2002 and issued by First American Title Company, Ltd.:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Shoreline setback lines as they may be established by the State Land Use Commission or by the County pursuant to Sections 205 A-41 to 205A-43.6.
3. The following items shown on map prepared by Dennis I. Hirota, Licensed Professional Land Surveyor, Certificate No. 9141-S, dated August 15, 2000:
 - a. Portion of Anchialine Pond.
 - b. Historic Rock Platform.
 - c. Historic Trail.
4. Certificate and Consent dated February 18, 1987, recorded in the Bureau in Liber 20432, Page 223, and Addendum thereto dated September 3, 1993, recorded in said Bureau as Document No. 93-152074.
5. Kukio Bay Beach Club Declaration of Covenants, Conditions and Restrictions dated January 3, 2001, recorded in the Bureau as Document No. 2001-003824, as amended by instrument recorded and effective October 19, 2001, recorded in said Bureau as Document No. 2001-165127, as supplemented by instrument dated October 30, 2001, recorded in said Bureau as Document No. 2001-191392, as amended by instrument dated May 22, 2002, recorded in said Bureau as Document No. 2002-093547.
6. Grant of Non-Exclusive Access Easement dated March 25, 2002 and recorded in the Bureau as Document No. 2002-053489.
7. Grant of Non-Exclusive Access Easement dated May 20, 2002 and recorded in the Bureau as Document No. 2002-093550.
8. Declaration of Condominium Property Regime of the Kukio Beach Club and Cottages dated May 20, 2002, recorded in the Bureau as Document No. 2002-095341.
9. Bylaws of the Association of Apartment Owners of the Kukio Beach Club and Cottages dated May 20, 2002, recorded in the Bureau as Document No. 2002-095342.
10. Association Easements in favor of the Kukio Community Association, Inc., as shown on Condominium Map No. 3445.
11. Real property taxes as may be due and owing. Check with the County Tax Assessor for further information.

EXHIBIT E

KUKUO BEACH CLUB AND COTTAGES

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

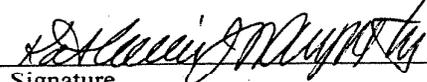
<u>Apartment</u>	<u>Monthly Fee x 12 Months</u>	<u>= Yearly Total</u>
Cottage No. C-1	\$ 1,947.39	\$ 23,368.68
Cottage No. C-2	\$ 1,804.08	\$ 21,648.96
Cottage No. C-3	\$ 1,930.06	\$ 23,160.72
Cottage No. C-4	\$ 1,956.84	\$ 23,482.08
Cottage No. C-5	\$ 1,652.10	\$ 19,825.20
Cottage No. C-6	\$ 1,973.37	\$ 23,680.44
Cottage No. C-7	\$ 2,095.43	\$ 25,145.16
Cottage No. C-8	\$ 2,256.85	\$ 27,082.20
Cottage No. C-9	\$ 2,334.80	\$ 28,017.60
Cottage No. C-10	\$ 1,926.13	\$ 23,113.56
Cottage No. C-11	\$ 2,249.76	\$ 26,997.12
Cottage No. C-12	\$ 1,986.76	\$ 23,841.12
Cottage No. C-13	\$ 2,004.08	\$ 24,048.96
Cottage No. C-14	\$ 2,180.47	\$ 26,165.64
Cottage No. C-15	\$ 2,186.77	\$ 26,241.24
Cottage No. C-16	\$ 1,724.54	\$ 20,694.48
Cottage No. C-17	\$ 1,927.70	\$ 23,132.40
Cottage No. C-18	\$ 2,042.67	\$ 24,512.04
Beach Club	\$ 4,285.88	\$ 51,430.56

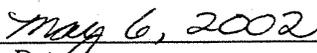
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12</u> months	= <u>Yearly Total</u>
<u>Utilities & Services</u>		
Electricity – Common Elements Only	\$ 200.00	\$ 2,400.00
Pest Control – Exterior & Interior	1,080.00	12,960.00
Refuse Collection	400.00	4,800.00
Water – Non potable – Landscape	250.00	3,000.00
<u>Maintenance, Repairs & Supplies</u>		
Buildings	7,830.00	93,960.00
Grounds	13,250.00	159,000.00
<u>Management</u>		
Reserve Study	235.00	2,820.00
<u>Insurance</u>		
	6,000.00	72,000.00
<u>Reserves (*)</u>		
	4,000.00	48,000.00
<u>Common Expenses Shared with Beach Club</u>		
	7,220.00	86,648.00
TOTAL	\$ 40,465.00	\$ 485,588.00

I, Katherine J.H. Augustine, as agent for/and/or employed by Augustine Realty, the condominium managing agent/developer for the Kuki'o Beach Club and Cottages 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.


Signature


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 Chapter 514-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to Chapter 514-83.6, 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.

EXHIBIT F

SUMMARY OF SALES CONTRACT

The specimen Reservation Agreement, Sales Contract and Receipt, filed with the Commission, provides for, among other things, a description of the Cottage Apartment to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Sales Contract.

Among other provisions, the specimen Sales Contract provides:

1. That the Sales Contract is only a reservation agreement until (i) a true copy of the Final Public Report (or Contingent Final Public Report, if applicable) is delivered to the Purchaser, (ii) the Purchaser has an opportunity to read the report(s), (iii) a Deemed Acceptance of such report(s) by the Purchaser shall have occurred. If the Deemed Acceptance shall have occurred by Purchaser affirmatively accepting a Report by waiving his right to cancel on the Receipt Form, the execution of a Confirmation Agreement shall not be required and the Sales Contract will become binding in such event as a contract for the purchase and sale of the Apartment on the date of Deemed Acceptance. If the Deemed Acceptance shall have occurred in any manner other than by waiver of the right to cancel on the Receipt Form, the Sales Contract shall not become binding as a contract for the purchase and sale of the Cottage Apartment unless and until Purchaser shall have executed a Confirmation Agreement.

2. The Seller has entered into an Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with the Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. In the event a purchase is cancelled, Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.

3. The Sales Contract requires the Purchaser to pay the full Purchase Price by a series of payments prior to Closing, as follows: Purchaser shall make an initial payment by check when Purchaser signs the Sales Contract. For each month during construction of the Cottage Apartment, Seller will (i) obtain certification from Seller's architect, Hart Howerton of: (a) the amount of construction completed on the Cottage Apartment during the preceding month; and (b) the construction costs and architectural and engineering fees attributable to such construction, all determined in accordance with the requirements of Hawaii Revised Statutes; and (ii) invoice Purchaser for such amounts. Subject to the provisions of the Sales Contract, Purchaser shall pay the amount of each such invoice into Escrow no later than ten (10) days from the date that such invoice is sent to Purchaser. The remaining balance of the Total Purchase Price shall be paid into Escrow by Purchaser no later than ten (10) days after Seller notifies Purchaser of both the completion of construction of the Beach Club Apartment and the completion of construction of the Cottage Apartment and a certificate of occupancy for the Cottage Apartment is issued.

4. The Sales Contract provides that the Purchaser's Deposits shall be placed into an interest bearing account with all of the interest to be credited to Purchaser at Closing. Purchaser will pay any processing fee required by Escrow and all costs of setting up, maintaining and closing the account.

5. The Sales Contract provides that closing costs and expenses shall be allocated as follows: Seller shall pay 60% of the premium for the Title Policy, the cost of drafting of conveyance documents, Seller's notary fees, conveyance tax, and 50% of escrow fees. Purchaser shall pay 40% of the premium for the Title Policy, and any additional costs relating to the issuance of extended coverage policy (including a lender's policy), the cost of drafting of any revisions or addenda to the purchase contract, the cost of obtaining Purchaser's consents, if any, Purchaser's notary fees, all recording fees, 50% of escrow fees, and any mortgage fees, Hawaii Hurricane Relief Fund, and Hawaii General Excise Tax. The Sales Contract also provides that at Closing Purchaser shall pay (a) one (1) month's maintenance fee for the Project's Owner's Association, (b) a non-refundable, non-transferrable start-up fee to the Project's Owner's Association in the amount equal to two (2) months' maintenance fee assessments, and (c) a \$1,000.00 start-up fee to the Kūki'o Community Association, the master community association for the Kūki'o master-planned community in which the Project is located. These start-up fees are one-time assessments at Closing and are not advance payments of common expenses or assessments, and shall be in addition to the normal monthly assessments.

6. The Sales Contract provides that Seller shall complete construction of the Project so as to permit normal occupancy of the Cottage Apartment covered the Contract within two (2) years from the date that the Sales Contract becomes a binding sales contract; provided, however, that such two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in beginning or completing construction if such delay is caused by fire, earthquake, act of God, the elements, war or civil disturbances, litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or materials, or any other matter or condition beyond Seller's control.

7. The Sales Contract provides that the description of the improvements constituting a Cottage Apartment ("Cottage Specifications") shall be negotiated between Seller and Purchaser and will be attached as an exhibit to the Sales Contract.

8. The Sales Contract provides that it may not be assigned by Purchaser, in whole or in part, without the prior written consent of Seller which consent may be withheld by Seller in its sole and absolute discretion. Any assignment of the Sales Contract made without Seller's written consent is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Sales Contract to affiliated entities for estate planning purposes without the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under the Sales Contract.

9. The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Project, the sale of the Cottage Apartment or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after the Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii.

The foregoing is only a summary of some of the key terms of the Sales Contract. It is incumbent upon a prospective Purchaser to read the full text of the Sales Contract with care.

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

A copy of the executed Escrow Agreement for the Project between Title Guaranty Escrow Services, Inc. ("Escrow"), and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of the funds of a purchaser of an Apartment (a "Purchaser") pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement specifically permits the disbursement of Purchasers' funds prior to closing, subject to certain conditions, to pay for certain Project costs, including costs of constructing the Project's buildings, fixtures and other improvements, Developer's architectural, engineering, finance, and legal fees, and other incidental expenses of the Project (excluding marketing expenses and brokerage fees relating to sales of Apartments).

The Escrow Agreement provides in part that any interest earned on money on deposit shall be paid to the parties in accordance with the terms of the Sales Contract. In the event that the Sales Contract or Hawaii Revised Statutes Chapter 514A entitle a Purchaser to a refund of Purchaser's Deposits held by Escrow, then Escrow, upon instruction from Developer, will refund Purchaser's deposits, less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

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

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

EXHIBIT H

HAWAII PUBLIC OFFERING STATEMENT

The Project is a part of a master-planned community known as Kukio (the "Planned Community"). The Planned Community is intended to be developed and sold in multiple phases. It is currently contemplated that, when fully completed, the Planned Community will encompass residential parcels, a private lodge with full hotel services, multifamily housing, recreational amenities including a private golf and the Beach Club which is a part of the Project.

The Developer is currently developing and selling subdivided lots in the Planned Community that are designated for single-family residential use and that are located adjacent to or in the general vicinity of the Project. The Developer has registered those lots with the Subdivision Registration Division of the State of Hawaii Department of Commerce and Consumer Affairs. In connection with such registration, the Developer has prepared and is providing to lot purchasers a Public Offering Statement, that contains extensive information regarding the Planned Community, its physical environment, utility service, access, natural hazards which may affect the Planned Community, nearby services and facilities, and other items which may be of interest to Apartment purchasers.

The purchase of a condominium unit in the Kukio Beach Club & Cottages project does not confer upon the purchaser any rights to the subdivided lots, which are currently being sold independent of the condominium units, nor are condominium purchasers obligated to buy lots. Likewise, lot sales do not afford lot purchasers any rights to the condominium project. Sales are completely separate. However, The Public Offering Statement provides an overview of the Kukio Planned Community that may be helpful to condominium purchasers. Accordingly, the Public Offering Statement (21 pages and exhibits) will be made available to prospective purchasers upon their request.

EXHIBIT I

PROPERTY REPORT

The Project is a part of a master-planned community known as Kukio (the "Planned Community"). The Developer is currently developing and selling subdivided lots in the Planned Community that are designated for single-family residential use and that are located adjacent to or in the general vicinity of the Project.

The Developer has registered those lots with the United States Department of Housing and Urban Development's Office of Interstate Land Sales Registration. In connection with such registration, the Developer has prepared and is providing to lot purchasers a Property Report that contains extensive information regarding the Planned Community, including its roads, utilities, local services (fire and police protection, schools, hospitals, etc.), recreational facilities, physical environment and climate, and other items which may be of interest to Apartment purchasers.

The purchase of a condominium unit in the Kukio Beach Club & Cottages project does not confer upon the purchaser any rights to the subdivided lots in the Planned Community, which are currently being sold independent of the condominium units, nor are condominium purchasers obligated to buy lots. Likewise, lot sales do not afford lot purchasers any rights to the condominium project. Sales are completely separate. However, the Property Report provides an overview of the Kukio Planned Community that may be helpful to condominium purchasers. Accordingly, the Property Report (64 pages) will be made available to prospective purchasers upon their request.