

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer STANFORD CARR DEVELOPMENT, LLC
Address 745 Fort Street, Suite 2110, Honolulu, Hawaii 96813
Project Name (*): WAIKOLOA COLONY VILLAS (Report covers 72 of 168 units)**
Address: 69-555 Waikoloa Beach Drive, Waikoloa, Hawaii 96738

Registration No. 5089 Effective date: September 22, 2003
Expiration date: June 22, 2004

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.
X 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 / 0203

** The entire condominium project contains a total of 168 apartments. However, this Contingent Final Public Report shall cover ONLY 72 of the 168 apartments as follow Apartment Nos. 101-106 (inclusive), 201-206 (inclusive), 301-306 (inclusive), 401-406 (inclusive), 1601-1606 (inclusive), 1701-1706 (inclusive), 1801-1806 (inclusive), 2401-2406 (inclusive), 2501-2506 (inclusive), 2601-2606 (inclusive), 2701-2706 (inclusive), and 2801-2806 (inclusive). The Developer has and shall obtain one or more separate Final Public Reports as is necessary for the remaining apartments of the Project.

Note: On December 3, 2001, the Commission issued an effective date for Condominium Public Report No. 4752 ("Contingent Final #1") on the same project, WAIKOLOA COLONY VILLAS, consisting of 168 apartments. On August 27, 2002, the Commission issued a Final Public Report covering only 36 of the 168 apartments on Contingent Final #1.

On September 10, 2002, the Commission issued an effective date for Condominium Public Report No. 4926 (Contingent Final #2) on the same project, WAIKOLOA COLONY VILLAS, covering the then remaining 132 out of 168 apartments. On April 30, 2003, the Commission issued a Final Public Report covering only 60 of the 132 apartments on Contingent Final #2.

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

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information:

N/A

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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 owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Stanford Carr Development, LLC** Phone: (808) 537-5220
Name* (Business)
745 Fort Street, Suite 2110
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):

Stanford S. Carr, Manager

Real Estate Broker* : Pacific Island Realty, LLC Phone: (808) 521-4009
Name (Business)
745 Fort Street, Suite 2110
Business Address
Honolulu, Hawaii 96813

Escrow Island Title Corporation Phone: (808) 531-0261
Name (Business)
1132 Bishop Street, Suite 400
Business Address
Honolulu, Hawaii 96813

General Contractor*: Metcalf Construction Company, Inc. Phone: (808) 331-0903
Name (Business)
75-240 Nani Kailua Drive, Suite 14
Business Address
Kailua-Kona, Hawaii 96740

Condominium Managing Agent*: ResortQuest Hawaii, LLC dba Aston Property Management Phone: (808) 931-1400
Name (Business)
2155 Kalakaua Avenue, Suite 500
Business Address
Honolulu, Hawaii 96815

Attorney for Developer: Char Sakamoto Ishii Lum & Ching Phone: (808) 522-5133
Name (Business)
841 Bishop Street, Suite 850
Business Address
Honolulu, Hawaii 96813
Attn: Carolyn M. Oshiro

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

** Prior to its name change on September 19, 2001, the Developer was know as SCD International, LLC. Certain project documents dated prior to September 19, 2001 are in the name of SCD International, 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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2001-166012</u>	
			Book _____	Page _____
<input type="checkbox"/>	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]:

SEE PAGE 6a.

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. <u>3356</u>		
<input type="checkbox"/>	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]:

SEE PAGE 6a.

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2001-166013</u>	
			Book _____	Page _____
<input type="checkbox"/>	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]:

NONE.

The Declaration has been amended by the following instruments:

1. Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated June 27, 2002 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2002-117622.
2. Second Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated July 31, 2002 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2002-133800.
3. Third Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated August 15, 2002 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2002-144934.
4. Fourth Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated December 23, 2002 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2002-234928 (Parking Amendment);
5. Fifth Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated January 27, 2003 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2003-017553 (Parking Amendment);
and
6. Sixth Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated January 30, 2003 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2003-037185 (Parking Amendment);
7. Seventh Amendment of the Declaration of Condominium Property Regime of Waikoloa Colony Villas, dated April 3, 2003 and filed in the Bureau of Conveyances, State of Hawaii, as Document No. 2003-075193 (Parking Amendment);

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 of the 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 "A".

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: 69-555 Waikoloa Beach Drive Tax Map Key (TMK): (III) 6-9-7-35
Waikoloa, Hawaii 96738

Address TMK is expected to change because _____

Land Area: 22.034 square feet acre(s) Zoning: RM (residential-multifamily)

Fee Owner: Waikoloa Colony Villas-Kona, LLC
 Name
745 Fort Street, Suite 2110
 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: 31* Floors Per Building: 2 except for:
 Exhibit _____ contains further explanations. Recreation Building 1, Recreation Building 2, and Pump Building
3. **Principal Construction Material:**
 Concrete Hollow Tile Wood
 Other steel and glass.
4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>72**</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<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"/> 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 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

* Including Recreation Building 1, Recreation Building 2, and Pump Building.

** Although the Waikoloa Colony Villas Condominium Project is comprised of 168 apartments this Contingent Final Public Report shall only cover those 72 apartments identified on Page 1 hereof. The Developer has and shall obtain one or more separate Final Public Reports as is necessary for the remaining apartments of the Project.

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: Not allowed.

Number of Occupants: N/A.

Other: SEE EXHIBIT "B".

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: 168 Trash Chutes: None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>SEE PAGE 11a.</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Number of Apartments: 72

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

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

Boundaries of Each Apartment:

SEE EXHIBIT "C".

Permitted Alterations to Apartments:

SEE EXHIBIT "D".

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.

6. Interior:

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Area (sf)*</u>	<u>Net Living Area (sf)</u>	<u>Net Other (Identify)</u>	
A	12	2/2.5	1446	179 258	lanai garage/entry	
A (reverse)	12	2/2.5	1446	179 258	lanai garage/entry	
B	12	3/2.5	1699	191 252	lanai garage/entry	
B (reverse)	12	3/2.5	1699	191 252	lanai garage/entry	
C	12	2/2	1236	150 248	lanai garage/entry	
C (reverse)	12	2/2	1236	150 248	lanai garage/entry	

Total Number of Apartments: 72 (see ** at bottom of page 10)

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

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

7. Parking Stalls:

Total Parking Stalls:	<u>352</u>				
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>
Assigned (for each unit)	<u>168*</u>	<u>90**</u>	_____	_____	<u>258</u>
Guest	_____	<u>92***</u>	_____	_____	<u>92</u>
Unassigned	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____
Other: <u>loading</u>	_____	<u>2</u>	_____	_____	<u>2</u>
Total Covered & Open:	_____	<u>352</u>	_____	<u>0</u>	<u>0</u>
					<u>352</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.

- 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.
 Swimming pool Storage Area Recreation Area
 Laundry Area Tennis Court Trash Chute/Enclosure(s)
 Other: Barbecue area, workout room and pump station.

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):

- * Each apartment includes a one-car enclosed garage as part of the apartment which is not a common element.
 ** 90 open regular size parking stalls were initially assigned to apartment 1506 and are gradually being reassigned to other apartments as they are being purchased.
 *** There are 92 open guest stalls - 85 regular size and 7 handicap size.

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 "E" .
 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 "F" *.

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 "G".

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 "H" describes the encumbrances against the title contained in the title report dated April 16, 2003 and issued by Island Title Corporation.

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 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>
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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 does not make any warranties for the Project, but merely intends to pass on any warranties made to it by the general contractor (or any other contractor or subcontractors) for the Project to correct and work found to be defective within period. Typically, a general contractor will provide a warranty for work to be found defective within one year after the date of substantial completion of the project.

2. **Appliances:**

The Developer will pass on the manufacturer's warranties made to it, if any, on the appliances included as part of the apartment being conveyed.

Note (as to this section F): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the apartments, the Project, the common elements thereof, or as to any appliances and furnishings contained within the apartments or the Project.

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

The construction of the Project commenced in March 2002. The Developer estimates, but does not guarantee, that the Project in its entirety, including the 72 units designated in this Contingent Final Public Report, will be completed by December 30, 2004.

Note: The Project will have access to Queen Kaahumanu Highway via Waikoloa Beach Drive.

H. **Project Phases:**

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

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

N/A

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

not affiliated with the Developer the Developer or Developer's affiliate
 self-managed by the Association of Apartment Owners Other: _____

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "I" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

None Electricity (Common Elements only ___ Common Elements & Apartments)
 Gas (___ Common Elements only ___ Common Elements & Apartments)
 Water Sewer Television Cable
 Other Telephone (Common Elements only)
Refuse

THE AMOUNTS SET FORTH IN EXHIBIT "I" ARE ESTIMATES ONLY AND MAY CHANGE FOR REASONS BEYOND THE CONTROL OF THE DEVELOPER. SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY THE DEVELOPER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

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 "J" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated September 14, 2001
Exhibit "K" contains a summary of the pertinent provisions of the escrow agreement.
- Other Exhibit "L" contains a summary of the pertinent provisions of the Apartment Deed.
Exhibit "M" contains a summary of the Conference Declaration and Exhibit "N" contains a summary of the Resort Declaration.

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other SEE PAGE 19a.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 5089 filed with the Real Estate Commission on May 2, 2003.

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

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

2. H) Other: Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort, dated April 1, 1980 but effective as of April 23, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14670 at Page 531, as it may be amended, supplemented or restated from time to time, and Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference, dated April 1, 1980 but effective as of April 23, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14670 at Page 631, as it may be amended, supplemented or restated from time to time.

C. Additional Information Not Covered Above

Final Public Reports Obtained for Separate Sales Phases

As indicated on Page 1 hereof, this Final Public Report only covers 72 of the 168 apartments that comprise the entire Project. In other words, as a sales strategy, the Developer has opted to obtain one or more separate Public Reports for the remaining apartments of the Project. Each group of apartments subject to a separate Public Report shall be referred to in this Paragraph as a "Sales Phase."

Purchasers should therefore be aware that not all 168 apartments of the Project as described in the Contingent Final Public Report will be closing at or about the same time, but rather in phases over a period of time coinciding with the obtaining of building permits, financing and bonds. Further, the Developer has obtained 2 prior Final Public Reports for the a total of 96 of the 168 apartments (see page 2).

The Developer hereby discloses, however, that although separate Final Public Reports will be issued for each Sales Phase of the Project, all 168 apartments shall comprise a single condominium project. In other words, the act of separating the various apartments into different Sales Phases does not create separate and distinct condominium projects. Accordingly, the common elements described in Exhibit "E" of this Final Public Report serve each of the 168 apartments. Purchasers should be aware, therefore, that a blanket lien which arises against the common elements will affect all of the apartments of the Project, notwithstanding the fact that separate Final Public Reports have been obtained for each Sales Phase.

Start Up Fees

Exhibit "I" is for the Estimated Maintenance of all 168 apartments, including the 72 apartments designated herein. Purchasers must pay, at Closing, among other things, 2 additional months of estimated maintenance fees, and reserve fund start-up fees for one month's estimated maintenance fee.

Waikoloa Resort Association and Waikoloa Resort Conference

Through the homeowners association, Purchasers are responsible for their share of assessments by the Waikoloa Resort Conference (see Exhibit "M") and the Waikoloa Resort Association (see Exhibit "N").

D. 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.

STANFORD CARR DEVELOPMENT, LLC

Printed Name of Developer

By:  May 2, 2003
Duly Authorized Signatory* Date

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____ County of Hawaii

Planning Department, _____ County of Hawaii

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

Rights Reserved by Developer

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the Declaration. Capitalized terms have the same meaning as ascribed to such term in the Declaration.

1. **Reserved Right to Grant Easements.** This right is set forth in Article XIX of the Declaration. Developer has the right, to and until October 21, 2008, to delete, cancel, relocate, realign, reserve, designate, grant and receive any and all easements and rights of ways over, under, through, across and upon the common elements (including the limited common elements) and the parcel of land on which the Project is built as necessary or desirable in Developer's sole discretion including, but not limited to, easements and/or rights of way for utilities, cesspools, sanitary and storm sewers, cable television, telecommunications systems, refuse disposal, driveways, parking areas and roadways, provided, however, that such easements and/or rights of way shall not be located on or within any existing structure of the Project and shall not be exercised so as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by-the-apartment owners.
2. **Reserved Right to Alter, Subdivide and Consolidate Apartments.** This right is set forth in Article XX of the Declaration. Developer has the right to amend the Declaration and Condominium Map to effect any subdivision or consolidation of Apartments or alterations to floor plans at any time or times prior to October 21, 2008 and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.
3. **Reserved Right to Reconfigure, Recharacterize or Redesignate Limited Common Elements.** This right is set forth in Article XXI of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to October 21, 2008 to reconfigure, recharacterize or redesignate certain limited common elements as may be appurtenant to an apartment owned by the Developer as being common elements of the Project, and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.
4. **Reserved Right to Convert or Redesignate Limited Common Elements as Appurtenant to Other Apartments.** This right is set forth in Article XXII of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to October 21, 2008 to convert or redesignate all or a portion of certain limited common elements as may be appurtenant to any apartment owned by Developer, to another apartment or apartments, and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.
5. **Reserved Right to Convert and Redesignate Common Elements Parking Stalls.** This right is set forth in Article XXIII of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to October 21, 2008 to convert and redesignate all or a portion of the parking stalls (regular size uncovered and/or handicap size uncovered) which are designated as common elements of the Project and identified in Exhibit C of the Declaration which is incorporated herein by reference, from common elements to being a limited common element appurtenant to an apartment or apartments and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer. Developer also has the reserved right, but not the obligation, to record an instrument ("Parking Stall Assignment Summary Amendment"), which lists all parking stalls that have been assigned and which identifies the Apartment to which each such parking stall was assigned or reassigned. Any such Parking Stall Assignment Summary Amendment shall be for informational purposes only, and shall not have the effect of assigning or reassigning the parking stalls of the Project.

6. **Reserved Right to Convert and Redesignate Limited Common Elements Parking Stalls.** This right is set forth in Article XXIV of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to October 21, 2008 to convert and redesignate all or a portion of the parking stalls that are appurtenant to any of the apartments that it owns from limited common elements to common elements of the Project, and Developer may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer. Developer also has the reserved right, but not the obligation, to record an instrument ("Parking Stall Assignment Summary Amendment"), which lists all parking stalls that have been assigned and which identifies the Apartment to which each such parking stall was assigned or reassigned. Any such Parking Stall Assignment Summary Amendment shall be for informational purposes only, and shall not have the effect of assigning or reassigning the parking stalls of the Project.
7. **Reserved Right to Modify Project.** This right is set forth in Article XXV of the Declaration. Developer has the right to and until October 21, 2008, to effect such modifications to apartments and common elements in the Project and/or to execute, record and deliver any amendments to the Declaration and the Condominium Map for the Project, as well as the Bylaws of the Association of Apartment Owners of Waikoloa Colony Villas ("Bylaws"), and/or The House Rules for Waikoloa Colony Villas (the "House Rules"), as may be necessary or required by Developer, in its sole discretion, to effect compliance by the Project, the Association or Developer, with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including any and all rules and regulations promulgated thereunder.
8. **Reserved Right to Conduct Sales Activities.** This right is set forth in Article XXVI of the Declaration. Developer has the right unto itself, its brokers, sales agents and other related persons and its successors and assigns, to and until December 31, 2021 to conduct extensive sales activities at the Project and from any Apartment owned by Developer, which right shall include, without limitation, showing the Project to potential buyers, the use of model apartments, sales and management offices, permitting potential buyers to stay in apartments owned by Developer and the use of banners, signs or other extensive sales displays and activities at the Project. Such sales activities may include the initial sale and resale of apartments. In the event that Developer's mortgage lender, if any, or any successor to or assignee of Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed or an assignment in lieu of foreclosure, such mortgage lender, its successor and assigns, shall have the same rights as Developer to conduct such extensive sales activities on the Project. Each and every party acquiring an interest in the Project, by such acquisition, acknowledges that the sales activities may result in noise, and nuisances, and consents to such activity by Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

EXHIBIT "B"

Special Use Restrictions

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

1. **Apartments.** Apartments, in connection with any such occupancy or use of said Apartment for any length of time, shall be occupied and used only for residential purposes as shall be permitted by law and by the provisions of the resort declaration and conference declaration. Subject to the above, the owners of such apartments shall have the absolute right to sell, rent, lease, mortgage, or otherwise transfer their respective Apartments in connection with any such occupancy or use for any length of time.
2. **Prohibition on Activities Which Jeopardize the Project.** No Apartment Owner shall do or suffer or permit to be done anything on any Apartment or appurtenant Limited Common Element or elsewhere on the Project which will: (i) injure the reputation of the Project, (ii) jeopardize the safety or soundness of the Project, (iii) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (iv) reduce the value of the Project, (v) result in the cancellation of insurance applicable to the Project, or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws, or (vi) increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project.

EXHIBIT "C"

Boundaries of Each Apartment

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

(Article III.B.1. of the Declaration) There shall be one hundred sixty-eight Apartments in the entire project, but only 36, as designated herein, are covered by this Final Public Report. Each Apartment shall be deemed to include: (a) the space within the perimeter and party walls, windows, doors, floors and ceilings of the Apartment, (b) all walls and partitions which are not load-bearing within the Apartment's perimeter or party walls, including the decorated or finished surfaces thereof, (c) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines, running through the Apartment, or other utility meters or air conditioning units which are utilized for and serve only that Apartment, (d) the decorated or finished interior surfaces of all perimeter and party walls, load-bearing walls and partitions, floors and ceilings of the Apartment, (e) all appliances and fixtures installed in the Apartments and any replacements thereof, (f) the parking stall and space within the Apartment's single-car garage and the decorated or finished interior surfaces of said garage (but excluding the decorated or finished exterior surfaces thereof and excluding the entire garage door), (g) any lanai or porch areas of the Apartment, (h) the interior stairway connecting the first and second floors of the Apartment, (i) the decorated or finished interior surfaces of any doors, sliding doors, door frames, windows or window frames, (j) all cranks, window screens, and other window hardware, and (k) any pipes, wires, conduits, other utility or service lines or meters, or air conditioning units which are located within, under or upon the Limited Common Element appurtenant to such Apartment and which serve only that Apartment (if any).

Each respective Apartment shall not be deemed to include: (a) the perimeter or party walls, the undecorated or unfinished interior surfaces thereof, and the decorated or finished exterior surfaces of any perimeter wall, (b) the structural components of the building in which the Apartment is located, including the foundation, floor slabs, columns, guides, beams, supports, roofs and ceilings (excluding the decorated or finished interior surfaces of the ceiling which is part of the Apartment), (c) the interior load-bearing walls and partitions and the undecorated or unfinished surfaces thereof, and (d) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring or other utility or service lines running through the Apartment or other utility meters which are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided.

Furthermore, each respective Apartment shall not be deemed to include: (a) the perimeter doors, sliding doors, door frames, windows and window frames and the decorated or finished exterior surfaces of said door, sliding doors, door frames, windows and window frames, and (b) the garage door and the decorated or finished exterior surfaces of any garage and garage door, the same being deemed Limited Common Elements appurtenant to the Apartment as hereinafter provided.

EXHIBIT "D"

Permitted Alterations to Apartments

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

1. **General Provisions.** Except as otherwise expressly provided in this Declaration, the Resort Declaration, the Conference Declaration, the Bylaws or the Act, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of this Declaration in accordance with Article XIII of the Declaration, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Association. Promptly upon completion of such restoration, replacement or construction the Association or Owner, as the case shall be, shall duly file such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.
2. **Additions or Alterations Solely Within An Apartment.** Notwithstanding anything to the contrary contained herein, each Owner of an Apartment shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner or the Association, to make any of the following alterations solely within the Apartment: to paint, paper, panel, plaster, tile, carpet, re-carpet, finish, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls within any such Apartment and to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as may be appropriate for the utilization of such Apartment by such Owner or the tenants or lessees thereof, provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of the Apartment or any other part of the Project, reduce the value thereof, adversely affect any other Apartment, affect or impair any easement or rights of any of the other Apartment Owners, or interfere with or deprive any Owner of the use or enjoyment of any part of the Common Elements or directly affect any Owner or alter the external appearance of the Project.
3. **Apartment Owners to Execute Amendment Documents Certain Cases.** In the event that any change or alteration of an Apartment pursuant to and in compliance with this Article XII shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof in the Declaration, then the Owner of such Apartment shall amend this Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments and by no other party, and such shall become effective upon recording of the same at the Bureau. The provisions of Article XIII notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered. Every Apartment Owner and all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute and deliver all instruments and documents necessary or desirable to affect the amendment of this Declaration and/or the Condominium Map; and appoints such Owner and his assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights and shall not be affected by the disability of any such party.

EXHIBIT "E"

Common Elements

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

One freehold estate is hereby designated in all of the remaining portions of the Project, which do not constitute Apartments, hereinafter called the "Common Elements," including specifically, but not limited to:

- a. The Land in fee simple;
- b. Any and all other apparatus and installations existing for common use, such as tanks, motors, fans, compressors and other such installations and apparatus;
- c. The landscaping and planters along the sidewalks and roadways of the Project, the grounds outside of the Apartments, and landscaping of these grounds;
- d. All roadways, access lanes, ramps, loading areas, sidewalks and walkways of the Project, excluding, however, any garage which is part of an Apartment;
- e. One hundred seventy-five (175) regular size uncovered parking stalls, seven (7) handicap size uncovered parking stalls and two (2) stalls for loading located throughout the Project in the vicinity of the residential buildings, and in front of the recreation centers and tennis court. Eighty-seven (87) of these regular size uncovered parking stalls are deemed Limited Common Elements appurtenant to Apartment 1506 to which they are assigned in Exhibit C of the Declaration or such other apartments to which these stalls have been reassigned pursuant to the Amendments to the Declaration for the CPR;
- f. All floodlights and other similar lighting devices attached to the exterior of any building within the Project;
- g. All lamp posts within the Project;
- h. Unimproved areas, maintenance and storage areas, mailbox areas and other similar areas which are not part of an Apartment;
- i. Any and all recreation centers, tennis courts, and other facilities operated to serve the residents of the Project (if any);
- j. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and
- k. All other areas of the Project which are not described as an Apartment or a part thereof.

EXHIBIT "F"

Limited Common Elements

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

Certain parts of the Common Elements, herein called the "Limited Common Elements," are hereby designated, set aside and reserved for the exclusive use of certain Apartments and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The responsibility to maintain, repair, replace, alter, improve and/or add to the Limited Common Elements shall be borne solely by the Owner(s) of the Apartment(s) to which the Limited Common Element is appurtenant, subject to the terms and restrictions set forth in this Declaration, the Bylaws, Resort Declaration and Conference Declaration. The costs and expenses of every description pertaining to any Limited Common Element, including but not limited to the cost of maintenance, repair, and replacement of and any alterations, improvements or additions to a Limited Common Element (collectively "Costs"), shall be charged to the apartment to which the Limited Common Element is appurtenant; provided that, the Costs for those Limited Common Elements that are appurtenant to multiple Apartments (the Costs associated with the Limited Common Elements appurtenant to multiple Apartments shall be referred to herein as "Product Fees") shall be charged to each owner of an Apartment to which said Limited Common Elements are appurtenant in equal shares.

- a. Apartment 1506 shall have appurtenant thereto as Limited Common Elements uncovered parking stalls located on certain roadways of the Project (such stalls are depicted on the Condominium Map and are identified in Exhibit C attached hereto and incorporated herein by reference). The Owner of said Apartment 1506 shall have the right, upon complying with the requirements of Section 514A-14 of the Act, to assign and reassign its Limited Common Element parking stalls from time to time to another Apartment in the Project; provided that a copy of any instrument effecting such assignment or reassignment shall be delivered to the Association. All costs and expenses of maintaining said parking stalls shall be charged to the Owner of said Apartment to which such stall or stalls shall be assigned in the manner provided for the allocation of costs and expenses for Limited Common Elements, as set forth above.

In the event that the Developer assigns or reassigns any parking stall or stalls noted above to another Apartment in the Project in accordance with Section 514A-14 of the Act, the parking stall so assigned or reassigned shall be deemed a Limited Common Element or Limited Common Elements (as applicable) appurtenant to said Apartment, and the Owner of such Apartment shall have the right, upon complying with the requirements of Section 514A-14 of the Act, to assign or reassign any parking stall or stalls which are appurtenant to its Apartment to another Apartment; provided that a copy of any instrument effecting such assignment or reassignment shall be delivered to the Association. All costs and expenses of maintaining said parking stall or stalls shall be charged to the Owner of the Apartment to which such stall or stalls shall be appurtenant in the manner provided for the allocation of costs and expenses for Limited Common Elements as provided above;

- b. Uncovered parking stalls assigned to a specific Apartment as set forth in Exhibit C to the Declaration shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Apartment.
- c. Any entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific Apartment shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Apartment.
- d. Any perimeter doors, sliding doors, door frames, windows and window frames and the decorated or finished exterior surfaces of said door, sliding doors, door frames, windows and window frames which would normally be used only by a specific Apartment shall be a Limited Common Element appurtenant to such Apartment.
- e. The garage door and the decorated or finished exterior surfaces of the garage for a specific Apartment shall be a Limited Common Element appurtenant to such Apartment.
- f. That portion of the Common Element upon which an air condition unit which serves only a specific Apartment is located shall be a Limited Common Element appurtenant to such Apartment.

EXHIBIT "G"

Calculation of Common Interest

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

The Common Interest appurtenant to each Apartment in the Project was determined by calculating the proportion which the approximate net square footage of each Apartment bears to the total net square footage of all of the Apartments in the Project. The Common Interest appurtenant to each Apartment is set forth in Exhibit B to the Declaration which is incorporated herein by reference.

EXHIBIT "H"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Rights or claims of persons or entities other than the insured involving or arising out of: Mineral or metallic mines; geothermal resources; water; fishing; navigation; wetlands; creation or loss of the land or any portion thereof by accretion, avulsion or artificial means; persons residing on or otherwise in possession of the land or any portion thereof; trails, roadways, or other rights of way, including without limitation any rights or claims under Chapter 264, Hawaii Revised Statutes; claims arising out of customary or traditional Hawaiian rights including but not limited to those for access or gathering purposes protected by the Constitution of the State of Hawaii or the laws of Hawaii.
3. EASEMENT "15" (area 13,191 square feet, more or less)

Shown: File Plan No. 1954
Purpose: Archaeological buffer zone
4. EASEMENT "16"

Shown: File Plan No. 1954
Purpose: Roadway
5. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort:

Dated: April 1, 1980
Recorded: Book 14670, Page 531

AMENDMENTS AND SUPPLEMENTS TO DECLARATION

DATED:	BOOK:	PAGE:
April 1, 1980	14670	607
December 30, 1980	15297	147
June 10, 1981	15676	497
October 29, 1985	19071	562
December 20, 1985	19166	388
December 9, 1985	19166	392
December 20, 1985	19166	412
December 4, 1985	19166	420
June 1, 1986	19792	339
May 1, 1989	23179	433
May 1, 1989	23187	750
August 24, 1989	23588	784
October 25, 1989	23806	164
September 8, 1989	24007	530

DATED:	DOCUMENT NO.:
May 21, 1990	90-074294
May 24, 1990	90-077240
August 7, 1990	90-120680
September 27, 1990	90-150228
October 9, 1991	91-166876
March 12, 1993	93-041631
March 12, 1993	93-041633
March 12, 1993	93-041635

March 12, 1993	93-041637
March 12, 1993	93-041639
April 1, 1993	93-067585
November 3, 1993	93-203157
June 6, 2001	2001-085464

6. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference:

Dated: April 1, 1980
 Recorded: Book 14670, Page 631

AMENDMENTS AND SUPPLEMENTS TO DECLARATION

DATED:	BOOK:	PAGE:
April 1, 1980	14670	674
December 20, 1985	19166	426
December 20, 1985	19166	434
December 20, 1985	19166	438
December 20, 1985	19166	448
December 4, 1985	19166	456
June 1, 1986	19792	344
May 1, 1989	23187	757
August 24, 1989	23508	788
October 25, 1989	23806	168
September 8, 1989	24007	521

DATED:	DOCUMENT NO.:
May 21, 1990	90-074295
May 24, 1990	90-077241
August 7, 1990	90-120681
September 27, 1990	90-150230
December 27, 1990	91-160953
May 1, 1995	95-060406
May 1, 1998	98-138993

7. EASEMENT

Dated: May 10, 1989
 Recorded: Book 23307, Page 1
 Purpose: A perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines and transformer vaults, etc., for the transmission and distribution of electricity over said Easement "16"

In favor of: Hawaii Electric Light Company, Inc., and Verizon Hawaii Inc.

8. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Deed:

Dated: August 31, 1989
 Recorded: Book 23589, Page 1

AMENDED BY THAT CERTAIN AMENDMENT TO DEED RESTRICTIONS, RELEASE AND AGREEMENT

Dated: February 26, 2002
 Recorded: Document No. 2002-047861

The foregoing includes, but is not limited to, matters relating to reservations in favor of WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, as follows:

"EXCEPTING AND RESERVING, HOWEVER, unto Grantor and its successors and assigns, Easement 16 for roadway purposes as shown on File Plan 1954 and Easement 15 for Archaeological Buffer Zone Purposes as shown on File Plan 1954 together with the rights of reasonable access thereto in connection with the exercise of said easement rights, and together also with the right to grant to the State of Hawaii, the County of Hawaii, any appropriate governmental agency, public utility or private utility, and or any other corporation, partnership or individual, easements for any such purposes within said easements over, under, across, along, upon and through said easement areas."

"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 of Hawaii, County of Hawaii, any appropriate government agency, public utility or private 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."

9. EASEMENT

Dated: June 15, 1994
Recorded: Document No. 94-119612
In favor of: Waikoloa Development Co., a Hawaii limited partnership
Purpose: A nonexclusive perpetual right and easement for general underground utility purposes, etc., for underground water, sewer, electric, telephone and cable facilities and improvements, being more particularly described as follows:

Easement "W"
(25 feet wide)
For Utility Purposes

Being a portion of Lot 7 of Waikoloa Beach Resort
- Phase III (File Plan 1954)

Being, also, a portion of Royal Patent 7523,
Land Commission Award 4452, Apana 4 to H. Kalama

Situated at Anachoomalu, South Kohala, Hawaii

Beginning at the south corner of this parcel of land, being also the south corner of Lot 7 of Waikoloa Beach Resort - Phase III (File Plan 1954), the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU HINAI" being 7,552.53 feet North and 33,841.33 feet West, thence running by azimuths measured clockwise from true South:

1. Along Lot 9 of Waikoloa Beach Resort - Phase III (File Plan 1954), on a curve to the right with a radius of 1,960.00 feet, the chord azimuth and distance being:
116° 03' 57" 25.20 feet;
2. 213° 17' 05" 271.66 feet along the remainder of Lot 7 of Waikoloa Beach Resort - Phase III (File Plan 1954);
3. 206° 10' 55" 602.58 feet along the remainder of Lot 7 of Waikoloa Beach Resort - Phase III (File Plan 1954);
4. 296° 10' 55" 25.00 feet along Lot 37 of Mauna Lani Resort - Phases II and III (File Plan 1821);
5. 26° 10' 55" 604.11 feet along Lot 5 of Waikoloa Parcel 4, Subdivision No. 3 (File Plan 1712);

6. 33° 17' 05" 270.04 feet along Lot 5 of Waikoloa Parcel 4, Subdivision No. 3 (File Plan 1712); to the point of beginning and containing an area of 21,855 square feet, more or less.

10. EASEMENT

Dated: August 22, 1996
Recorded: Document No. 97-014256
Purpose: A non-exclusive perpetual right and easement for general underground utility purposes under and through said Easement "W"
In favor of: Verizon Hawaii Inc.

Consent thereto by Taisei Corporation, a Japanese corporation, recorded concurrently in said Bureau, as Document No. 97-014257.

11. Condominium Map No. 3356, filed in the Bureau of Conveyances, State of Hawaii.

12. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime:

Dated: October 10, 2001
Recorded: Document No. 2001-166012

AMENDMENTS TO DECLARATION

DATED:	DOCUMENT NO.:
June 27, 2002	2002-117622
July 31, 2002	2002-133800
August 15, 2002	2002-144934
December 23, 2002	2002-234928
January 27, 2003	2003-017553
January 30, 2003	2003-037185
April 3, 2003	2003-075193

13. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of Waikoloa Colony Villas:

Dated: October 10, 2001
Recorded: Document No. 2001-166013

14. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, and/or as delineated on said Condominium Map.

15. Any recorded, unrecorded or unfiled subleases or rental agreements and any liens, charges or exceptions against any sublessees or tenants named therein.

16. Real property taxes as may be due and owing. Check with the county tax assessor for details.

EXHIBIT "I"

Estimated of Initial Maintenance Fees AND Estimate of Maintenance Fee Disbursements

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
Type A	\$415	\$4,980
Type A (reverse)	\$415	\$4,980
Type B	\$488	\$5,856
Type B (reverse)	\$488	\$5,856
Type C	\$355	\$4,260
Type C (reverse)	\$355	\$4,260

Maintenance fees are intended to cover the Common Expenses of the Project (i.e., the expenses attributable to the maintenance and operation of the "general" Common Elements of the Project). Maintenance fees shall be charged to each Apartment Owner based upon said Owner's Common Interest.* **The amounts set forth in this Exhibit "I" are estimates only and may change for reasons beyond the control of the Developer. Such estimates are not intended to be and do not constitute any representation or warranty by the Developer, including but not limited to any representation or warranty as to the accuracy of the estimates.**

- * Except for those maintenance fees paid as part of the closing costs, the apartment owner shall not be obligated for the payment of his respective share of the common expenses until such time the developer files an amended abstract with the Commission which shall provide, that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment.

Reserve Assessment:

The Developer has completed a preliminary Reserve Study. However, in doing so, the Developer has not conducted an independent, third party reserve study as may be contemplated by §514A-83.6, HRS, and the replacement reserve rules, subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended (collectively, the "Reserves Law"). The Developer and the Managing Agent have determined replacement reserve levels based on good faith estimates with reference to the useful life of common element assets and with information from third party contractors and suppliers in accordance with the Reserves Law.

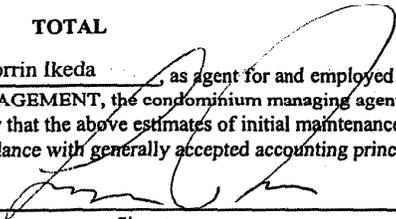
"Start-up fees" in an amount equal to one (1) month of maintenance fees will be collected from each purchaser at closing to start funding the reserves for the project. This one-time payment is to be made by each purchaser and will be supplemented by an assessment to be determined by the Association in accordance with the Reserves Law. Accordingly, the \$2,109,766 reserves amount noted above is not included in the total estimated monthly or yearly common expense used to derive each Apartment's maintenance fee.

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 Fee</u> x 12 months =	<u>Yearly Total</u>
REVENUE		
Maintenance Fees	\$ 70,460	\$ 845,520
Total Revenue	\$ 70,460	\$ 845,520
UTILITIES		
Electricity	\$ 7,500	\$ 90,000
Sewer	5,200	62,400
Water	11,500	138,000
Telephone Expense	<u>260</u>	<u>3,120</u>
Total Utilities	\$ 24,460	\$ 293,520
BUILDING MAINTENANCE/LANDSCAPING		
Building	\$ 4,840	\$ 58,080
Landscaping	3,500	42,000
Watchmen	<u>3,000</u>	<u>36,000</u>
Total Maintenance/Landscaping	\$ 11,340	\$ 136,080
ADMINISTRATION		
Date Processing	\$ 380	\$ 4,560
Management Fee	2,275	27,300
Payroll, Payroll Taxes & Benefits	<u>23,465</u>	<u>281,580</u>
Total Administration	\$ 26,120	\$ 313,440
RESERVES (*)		\$2,109,768
OTHER		
Automobile Expense	\$ 30	\$ 360
Insurance	7,090	85,080
Legal & Audit	350	4,200
Office Supplies	350	4,200
Miscellaneous Expense	380	4,560
Waikoloa Beach Conference	<u>340</u>	<u>4,080</u>
Total Other	\$ 8,540	\$ 102,480
TOTAL	\$ 70,460	\$ 845,520

I, Lorin Ikeda, as agent for and employed by RESORTQUEST HAWAII, LLC dba ASTON PROPERTY MANAGEMENT, the condominium managing agent for the WAIKOLOA COLONY VILLAS 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

April 24, 2003
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 conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

EXHIBIT "J"

Summary of Purchase Agreement

The specimen Waikoloa Colony Villas Purchase Agreement ("Agreement") contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Island Title Corporation ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement. All payments to be made under the Agreement shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement.

B. The Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Seller, the Association and other owners, and contains certain other provisions to which the Purchaser consents.

C. The "Closing Date" shall be the date (following the completion of the structure in which the Apartment is located) upon which Seller certifies to the Purchaser in writing that the Apartment is ready for occupancy. All payments shall be due and payable in full on the Closing Date, and, if not paid on said date due to Purchaser's failure to act in a diligent manner in order for said payment to be made on said date, then such nonpayment shall result in a default under the Agreement. If Purchaser, after the delivery by Seller of a copy of the Contingent Final Public Report for the Project, together with any supplementary Public Report that may have been issued for the Project (except that if the supplemental Public Report supersedes all prior reports on the Project, then only the supplementary Public Report need be delivered to the Purchaser), either personally or by registered or certified mail with return receipt requested, shall fail to execute a form of receipt and notice ("Waiver Form") of Purchaser's right to cancel the Agreement (as such right is set forth in and Section 2(d) of the Agreement), the delivery of which is required by Hawaii Revised Statutes Section 5 14A-62, as amended (or shall fail to give his written approval or acceptance to any material change to the Project as requested by Seller pursuant to the provisions of Hawaii Revised Statutes Section 5 14A-63, as amended) within thirty (30) days from the date of delivery of such report(s), Seller may at its option: (i) cancel the Agreement upon ten (10) days written notice to Purchaser of such cancellation and upon such cancellation Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by its failure to give said written notice of cancellation) to treat such failure as a deemed acceptance ("Deemed Acceptance") of such Public Report(s) and as a waiver of the right to cancel the Agreement (or as a Deemed Acceptance of such material change, as the case may be). The conveyance of the Apartment to the Purchaser within said thirty-day period shall also be treated as a Deemed Acceptance of such Public Report(s) by Purchaser and a waiver of Purchaser's rescission rights as set forth in this paragraph.

D. The Purchase Price does not include closing costs which include, among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, cost of preparing an amendment to the Declaration in the event that Purchaser wishes to buy an additional parking stall, real property tax and other prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, credit report costs and all other applicable mortgage costs, all of which the Purchaser shall be responsible to pay at Closing. Purchaser shall also pay a start-up fee equal to two (2) months of estimated maintenance fees in advance and an additional fee equal to one (1) month estimated maintenance fees for the reserves assessment at Closing.

E. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

F. Purchaser shall not be entitled to possession of the Apartment as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

G. Notices to either party may be delivered personally or mailed.

H. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any salesperson that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

I. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

J. Purchaser has examined and approved the estimate of monthly maintenance charges for the Property as shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any such changes.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

EXHIBIT "K"

Summary of Escrow Agreement

The Escrow Agreement for the Project dated September 14, 2001 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. When Seller (Developer) enters into a purchase agreement for the sale of an apartment or other interest in the Project ("Purchase Agreement"), Seller shall deliver an executed copy of the Purchase Agreement to Escrow together with the address of the Purchaser and pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchaser, including those received relating to up-grades to the apartment and all payments made on loan commitments from lending institutions on account of any apartments in said Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project, including sums received by Seller for up-grades to the apartment. Escrow shall not at any time commingle or permit the commingling of any Purchaser's funds with funds belonging to or held for the benefit of Seller.

All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow, in an interest bearing account with a federally insured financial institution authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Agreement. All income therefrom and interest paid thereon shall be credited to the account of Seller.

C. Escrow shall make no disbursements of Purchaser's funds or proceeds from the sale of apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has received a letter from Seller. In addition, no disbursements of Purchaser's funds shall be made from the balance of the escrow fund until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute.

D. Each Purchaser shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Purchaser, promptly after request for return by the Purchaser if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Purchaser the funds of the Purchaser then being held pursuant to the Agreement by Escrow; or

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller.

Upon the cancellation of the Purchase Agreement as specified above, Escrow shall be entitled to a cancellation fee of \$50.00. Notwithstanding anything in the Agreement or the Purchase Agreement to the contrary, said compensation to Escrow shall be the sole expense of the individual purchaser and shall not in any way be the obligation of the Seller.

E. If the Purchaser fails to make any payment on or before the due date thereof or if the Purchaser does or fails to do any act, which would constitute an event of default under the Purchase Agreement, Seller shall promptly give to such Purchaser and to Escrow, written notice of default. If Purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Purchase Agreement and has notified the Purchaser, or (2) that Purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 16 of the Agreement, shall thereafter treat all funds of the Purchaser paid under such Purchase Agreement, or any portion thereof as may be allowed by said Purchase Agreement, less Escrow's cancellation fee, as funds of Seller and not of the Purchaser. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Purchase Agreement of such Purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Purchase Agreement shall be returned to the person from whom or entity from which such documents were received.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, PURCHASER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL.

EXHIBIT "L"

Summary of Apartment Deed, Encumbrances and Reservations of Rights for Waikoloa Colony Villas

Capitalized terms shall have the same meaning ascribed to such terms in the Deed.

The specimen Apartment Deed, Encumbrances and Reservations of Rights for Waikoloa Colony Villas ("Deed" or "Apartment Deed") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of the Waikoloa Colony Villas condominium property regime situate at Anaehoomalu, South Kohala, Island and County of Hawaii, State of Hawaii.

B. The Grantor is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; that the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Purchaser agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Declaration, and Purchaser agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including signing, delivery and recording of all documents which may be necessary, and Purchaser appoints Grantor as Purchaser's "attorney-in-fact" which means that Grantor can act for Purchaser or on Purchaser's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and record all documents and to do all things on Purchaser's behalf, which grant of authority, being coupled with an interest, which means that the Grantor has an interest beyond just in the power Purchaser is giving, cannot be revoked by Purchaser for the term of the reserved rights, and will not be affected by Purchaser's disability.

D. Purchaser agrees, for the benefit of all other owners of the other apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, the Resort Declaration, the Conference Declaration, the Bylaws, and the House Rules, as any of the same exist or may hereafter be amended in accordance with law and does accept and approve of the Declaration, the Resort Declaration, the Conference Declaration, the Bylaws, and the House Rules.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE APARTMENT DEED. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE APARTMENT DEED, PURCHASER MUST REFER TO THE APARTMENT DEED TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE APARTMENT DEED, THE APARTMENT DEED WILL CONTROL.

EXHIBIT "M"

Summary of Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference

Capitalized terms shall have the same meaning ascribed to such terms in the Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference.

The Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference dated April 1, 1980, but effective as of April 23, 1980, as amended and restated ("Conference Declaration") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

- A. A portion of the Kohala Coast of the Island of Hawaii, State of Hawaii, including the land underlying the Condominium Project (all of which is the "Covered Property") and thus each Apartment, is subject to the certain Conference Declaration. The Conference Declaration was created to develop and promote the common commercial interests of members of the resort industry in the Kohala Coast region who are owners of the Covered Property. Under the Conference Declaration, an organization called the Waikoloa Beach Resort Conference ("Conference") was established to develop and provide a program of advertising and marketing to promote these objectives.
- B. The Conference is a nonprofit corporation. There are several classifications of membership in the Conference, including Hotel Members, Golf Course Members, Condominium Members, Commercial Members, and Associate Members. The homeowners association for the Project would be a Condominium Member and shall have one (1) vote in a vote of the membership.
- C. Each member is responsible for a portion of the Conference's expenses. As a Condominium Member, the annual assessment would be no less than \$4,032 (\$24 per unit x 168 units) and no more than 110% of the amount which is obtained by multiplying \$24 by the ratio that the Consumer Price Index for the year for which Assessments are being determined bears to the Consumer Price Index for January 1, 1998. There may be additional assessments as determined by the Conference. Each member's interest in or rights to its respective portion of the Covered Property may be subject to a lien in order to secure the member's payment of its share of the Conference's assessments.
- D. Generally, the Conference Declaration may be amended as follows:
 - 1. The written consent of the Declarant (i.e. Transcontinental Development (Hawaii) Co. or its successor or assign so long as it holds any legal or equitable interest in any portion of the Covered Property.
 - 2. A vote of 2/3 of the Conference approving the proposed amendment or repeal of the Conference Declaration at a meeting of the Conference.
 - 3. A vote of 2/3 of the Hotel Members approving the proposed amendment or repeal of the Conference Declaration at a meeting of the Conference.
- E. The Conference Declaration is effective through April 22, 2035. Thereafter, the Conference Declaration is automatically extended for successive periods of 10 years unless an instrument signed by members holding 2/3 of the voting power of the Conference is recorded. Such recordation must be at least 1 year prior to the termination date.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE APARTMENT DEED. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE APARTMENT DEED, PURCHASER MUST REFER TO THE CONFERENCE DECLARATION TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONFERENCE DECLARATION, THE CONFERENCE DECLARATION WILL CONTROL.

EXHIBIT "N"

Summary of Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference

Capitalized terms shall have the same meaning ascribed to such terms in the Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort.

The Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort dated April 1, 1980, but effective as of April 23, 1980, as amended ("Resort Declaration") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

- A. A portion of land on the Island of Hawaii, State of Hawaii, including the land underlying the Condominium Project (all of which is the "Covered Property") and thus each Apartment, is subject to the Resort Declaration. The Resort Declaration was created to establish a planned resort area known as "Waikoloa Beach Resort" in order to enhance and protect the value, desirability and attractiveness of the Waikoloa Beach Resort as a whole and the creation of the Waikoloa Resort Association ("Resort Association") to implement the plan and objectives.
- B. The Waikoloa Resort Association is a nonprofit corporation. The owner(s) of each condominium (collectively) are an Association Member and have 1 vote for each condominium owned. The Condominium's homeowners association shall exercise the votes of all of the owners.
- C. As part of its duties, the Resort Association manages, operates, controls and maintains all Common Use Property, which is defined as any real or personal property interest or right of use provided to the Association and designated specifically as Common Use Property, including but not limited to paths, roads, bordering areas, street lights, parking lots, parks, bathhouses, harbors, marinas, marina improvements, golf courses and improvements, utilities and utility improvements, transportation equipment and services, and anything else for the general use of its membership. Generally, the costs are assessed to each owner pro rata, i.e. based on the number of votes an owner has divided by the total number of votes. The assessment will be collected by the Condominium Project's homeowner association which will then pass on the monies to the Resort Association. Other assessments may be made as determined by the Association. Each owner's interest in or rights to its respective portion of the Covered Property may be subject to a lien in order to secure the member's payment of its share of the Resort Association's assessments.
- D. The Resort Declaration also contains restrictions on the use of the premises predominantly pertaining to the construction and appearance of the property, e.g. no signs, no mobile home, travel trailer, hose trailer, boat or similar items placed on the property which can be seen from an adjacent land area, improvements and/or modifications, etc.
- E. Generally, the Resort Declaration may be amended as follows:
 1. The written consent of the Declarant (i.e. Transcontinental Development (Hawaii) Co. or its successor or assign so long as it holds any legal or equitable interest in any portion of the Covered Property.
 2. A vote of 2/3 of the Association approving the proposed amendment or repeal of the Resort Declaration at a meeting of the Association.
 3. A vote of 2/3 of the Beach Lot Owners approving the proposed amendment or repeal of the Resort Declaration at a meeting of the Association.
- F. The Resort Declaration is effective through April 22, 2035. Thereafter, the Resort Declaration is automatically extended for successive periods of 10 years unless an instrument signed by members holding 2/3 of the voting power of the Association is recorded. Such recordation must be at least 1 year prior to the termination date.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE APARTMENT DEED. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE APARTMENT DEED, PURCHASER MUST REFER TO THE APARTMENT DEED TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE APARTMENT DEED, THE APARTMENT DEED WILL CONTROL.