

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer 17th FAIRWAY VILLAS AT WAIKOLOA LLC
Address 220 S. King Street, Suite 2170, Honolulu, Hawaii 96813
Project Name(\*): 17th FAIRWAY VILLAS AT WAIKOLOA
Address: 68-3888 Lua Kula Street, Waikoloa, Hawaii 96738

Registration No. 5244

Effective date: February 25, 2004
Expiration date: October 25, 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.
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.
X SUPPLEMENTARY: (pink) This report updates information contained in the:
And [ ] Supersedes all prior public reports.
[ x ] Must be read together with the Contingent Final Public Report
[ ] This report reactivates the public report(s) which expired on

(\* ) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

The developer has selected a managing agent, Triad Management, Inc., and has revised the estimate of initial maintenance fees and estimate of maintenance fee disbursements. A revised Exhibit "I" is attached to this Supplementary Condominium Public Report.

**SPECIAL ATTENTION**

The Project is a condominium project, not a subdivision. The land area appurtenant to each apartment is a limited common element and does not represent a legally subdivided lot. The lines on the Condominium Map showing the boundaries of the land areas are for illustration purposes only and are not intended as and should not be construed as formal subdivision lines.

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 per cent 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.

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: 17<sup>th</sup> Fairway Villas at Waikoloa LLC Phone: (808) 537-5976  
Name\* (Business)  
220 S. King Street, Suite 2170  
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):

Towne Development of Hawaii, Inc. - see attached page 5A for names of officers and directors  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: Golden Triangle Real Estate Phone: (808) 329-1667  
Name (Business)  
75-5865 Waiua Road #F-1  
Business Address  
Kailua-Kona, Hawaii 96740

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

General Contractor\*: Larry R. Smith Construction, Inc. Phone: (808) 322-8820  
Name (Business)  
77-6500 Akai Street  
Business Address  
Kailua-Kona, Hawaii 96740

Condominium Managing Agent\*: Triad Management Inc. Phone: (808) 329-6402  
Name (Business)  
P. O. Box 4466  
Business Address  
Kailua-Kon, Hawaii 96740

Attorney for Developer: Rush Moore Craven Sutton Morry & Beh A Limited Liability Law Partnership, LLP Phone: (808) 521-0400  
Name (Business)  
737 Bishop Street, Suite 2400  
Business Address  
Honolulu, Hawaii 96813

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

Towne Development of Hawaii, Inc. (Member) - Officers and Directors

<u>Name</u>	<u>Title</u>
John K. Tsui	Chairman
Christopher L. Lau	President
Gerald Stein	Executive Vice President
Arthur W. Wigchers, Jr.	Executive Vice President
James F. Janz	Senior Vice President
Richard H. Lachmann	Senior Vice President
Alison Vasconcellos	Senior Vice President
James B. Young	Vice President and Secretary
Stephan J. Chevalier	Vice President and Treasurer
Robert Danley	Vice President and Director
Robert E. Braun	Vice President
Takeshi Matsukata	Vice President
Douglas M. Tonokawa	Vice President
Mark S. Madigan	Assistant Secretary
Sandra J. Delisle	Assistant Secretary
Joseph J. Zilber	Director

IV. CONDOMINIUM MANAGEMENT

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

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

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

- [x] not affiliated with the Developer [ ] the Developer or the Developer's affiliate
[ ] self-managed by the Association of Apartment Owners [ ] Other

- B. Estimate of Initial Maintenance Fees:

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

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fee 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 [x] Electricity (x Common Elements only \_\_\_ Common Elements & Apartments)
[ ] Gas (\_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)
[x] Water [x] Sewer [ ] Television Cable
[ ] Other

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)  
Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)  
Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5244 filed with the Real Estate Commission on December 2, 2003.

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

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

- 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.

17<sup>th</sup> Fairway Villas at Waikoloa LLC

Printed Name of Developer

By:  2/9/04  
Duly Authorized Signatory\* Date

Douglas M. Tonokawa, Vice President of Towne Development of Hawaii, Inc.  
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 "I"

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27	\$375.00 x 12 months = \$4,500.00

*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:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Electricity	
<input checked="" type="checkbox"/> common elements only	\$ 800.00 x 12 months = \$ 9,600.00
<input type="checkbox"/> common elements and apartments	
Refuse Collection	\$ 300.00 x 12 months = \$ 3,600.00
Water and Sewer	\$2,500.00 x 12 months = \$30,000.00
Telephone	\$ 40.00 x 12 months = \$ 480.00

Maintenance, Repairs and Supplies

Personnel	\$1,800.00 x 12 months = \$21,600.00
Building Maintenance and Repair	\$ 50.00 x 12 months = \$ 600.00
Grounds	\$ 50.00 x 12 months = \$ 600.00
Pest Control	\$ 200.00 x 12 months = \$ 2,400.00
Fire Equipment	\$ 10.00 x 12 months = \$ 120.00

Management

Management Fee	\$ 520.00 x 12 months = \$ 6,240.00
Office Expenses	\$ 10.00 x 12 months = \$ 120.00
Building Insurance	\$3,000.00 x 12 months = \$36,000.00
Officers Liability Insurance	\$ 100.00 x 12 months = \$ 1,200.00
Fidelity Bond	\$ 100.00 x 12 months = \$ 300.00
Reserves	\$ 585.00 x 12 months = \$ 7,020.00
Legal Fees	\$ 25.00 x 12 months = \$ 300.00
Accounting Fees	\$ 100.00 x 12 months = \$ 1,200.00
Bank Charges	\$ 10.00 x 12 months = \$ 120.00
 TOTAL	 \$10,125.00 x 12 months = \$121,500.00

I, Tom Korte, as agent for/and/or employed by 17<sup>th</sup> Fairway Villas at Waikoloa LLC, the developer for the 17<sup>th</sup> Fairway Villas at Waikoloa 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.

Tom Korte  
Signature

Feb 6, 2004  
Date

The Developer has not 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.