

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Kaupulehu Makai Venture, Owner
c/o Hualalai Development Company, Managing Agent
 Address 100 Kaupulehu Drive, Kaupulehu-Kona, HI 96740; P.O. Box 1119, Kailua-Kona, HI 96745
 Project Name(*): HAINOA VILLAS
 Address: Hainoa Street, Kaupulehu-Kona, HI 96740

Registration No. 5702

Effective date: October 21, 2005
 Expiration date: August 20, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
 - 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. Contingent Final public reports may not be extended or renewed.
 No prior reports have been issued.
 This report supersedes all prior public reports.
 - FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 No prior reports have been issued.
 This report supersedes all prior public reports.
 This report must be read together with _____
 - SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 Preliminary Public Report dated: _____
 Final Public Report dated: July 20, 2005
 Supplementary Public Report dated: _____
- And Supersedes all prior public reports.
 Must be read together with Final Public Report dated July 20, 2005
 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 as Exhibit G 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:

1. The net living floor areas and net lanai floor areas of each of the apartments in the Project have been revised. As a result, the percentages of common interest, which are based upon the net living floor areas of the apartments, have been recomputed. The estimated monthly maintenance charges for each apartment in the Project, which are based upon the percentages of common interest for said apartments, have been recomputed. Condominium File Plan No. 4009 was amended to reflect the revised floor plans of the apartments in the Project. The Declaration of Condominium Property Regime (the "Declaration") was amended by that certain First Amendment to Declaration of Condominium Property Regime dated September 21, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-199483 (the "First Amendment to Declaration"). The First Amendment to Declaration amends the Declaration to revise Exhibit B of the Declaration to reflect revised net living floor areas, the revised net lanai floor areas, and the revised common interests of the apartments in the Project. The Supplemental Declaration Dedicating Property (Hainoa Villas) (the "Supplemental Declaration") was amended by that certain First Amendment to Supplemental Declaration Dedicating Property (Hainoa Villas) dated September 21, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-199484 (the "First Amendment to Supplemental Declaration"). The First Amendment to Supplemental Declaration amends the Supplemental Declaration to reflect the revised common interests of the apartments in the Project. An updated title report covering the Project and showing the amendment to Condominium File Plan No. 4009, the First Amendment to Declaration and the First Amendment to Supplemental Declaration also was obtained and provided to the Real Estate Commission. The amendment to Condominium File Plan No. 4009, the First Amendment to Declaration, the First Amendment to Supplemental Declaration, the revised net living floor areas, the revised net lanai floor areas, the revised common interests, the revised estimated monthly maintenance charges, and the updated title report, are disclosed on pages 6, 11 and 14, and Exhibits E, F and G of this Supplementary Public Report which replace pages 6, 11 and 14 and Exhibits E, F and G of the Final Public Report.

SPECIAL ATTENTION

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

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

**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>2005-109396</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]:

First Amendment to Declaration of Condominium Property Regime dated September 21, 2005, recorded as Document No. 2005-199483.

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>4009</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]:

First Amendment to Declaration of Condominium Property Regime dated September 21, 2005, recorded as Document No. 2005-199483.

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>2005-109397</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]:

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Pets: No animals, birds, reptiles, poultry, fish or insects of any kind shall be raised, bred or kept.

Number of Occupants: _____

Other: Ask to see proposed House Rules, which have various use restrictions.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: None 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>A</u>	<u>4</u>	<u>2/2</u>	<u>1,678</u>	<u>377</u>	<u>Lanai</u>
<u>AR</u>	<u>1</u>	<u>2/2</u>	<u>1,678</u>	<u>377</u>	<u>Lanai</u>
<u>B</u>	<u>4</u>	<u>2/2</u>	<u>1,778</u>	<u>328</u>	<u>Lanai</u>
<u>BR</u>	<u>1</u>	<u>2/2</u>	<u>1,778</u>	<u>328</u>	<u>Lanai</u>
<u>C</u>	<u>4</u>	<u>3/3</u>	<u>2,015</u>	<u>370</u>	<u>Lanai</u>
<u>CR</u>	<u>1</u>	<u>3/3</u>	<u>2,015</u>	<u>370</u>	<u>Lanai</u>
<u>D</u>	<u>4</u>	<u>3/3</u>	<u>2,139</u>	<u>330</u>	<u>Lanai</u>
<u>DR</u>	<u>1</u>	<u>3/3</u>	<u>2,139</u>	<u>330</u>	<u>Lanai</u>

Total Number of Apartments: 20

* 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 "A"

Permitted Alterations to Apartments:

SEE EXHIBIT "B"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement. Developer has elected to provide the information in a published announcement or advertisement.

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

There are no limited common elements in this project.

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

described in Exhibit D* .

as follows:

*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 E .

as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated September 21, 2005 and issued by Title Guaranty of Hawaii, Incorporated.

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 Master Declaration

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

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5702 filed with the Real Estate Commission on June 7, 2005.

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 declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

KAUPULEHU MAKAI VENTURE,
 a California general partnership

 Printed Name of Developer

By: HUALALAI DEVELOPMENT COMPANY,
 A Delaware corporation
 Its Managing Agent

By:  9.21. '05
 Duly Authorized Signatory* Date

Eiji Iwahashi, President
 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.*

CONDOMINIUM PUBLIC REPORT ON
HAINOA VILLAS

EXHIBIT E

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

APT. NO.	APT. TYPE	BLDG. NO.	GARAGE NO.	PRIVACY GARDEN NO.	UTILITY ENCLOSURE NO.	MECHANICAL ROOM NO.	COMMON INTEREST
1	C	HV1	1G	1PG	1U	1M	5.29566%
2	D	HV1	2G	--	1U	1M	5.62155%
3	A	HV1	3G	2PG	2U	2M	4.40999%
4	B	HV1	4G	--	2U	2M	4.67280%
5	C	HV2	5G	3PG	3U	3M	5.29566%
6	D	HV2	6G	--	3U	3M	5.62155%
7	A	HV2	7G	4PG	4U	4M	4.40999%
8	B	HV2	8G	--	4U	4M	4.67280%
9	C	HV3	9G	5PG	5U	5M	5.29566%
10	D	HV3	10G	--	5U	5M	5.62155%
11	A	HV3	11G	6PG	6U	6M	4.40999%
12	B	HV3	12G	--	6U	6M	4.67280%
13	C	HV4	13G	7PG	7U	7M	5.29566%
14	D	HV4	14G	--	7U	7M	5.62155%
15	A	HV4	15G	8PG	8U	8M	4.40999%
16	B	HV4	16G	--	8U	8M	4.67280%
17	AR	HV5	17G	9PG	9U	9M	4.40999%
18	BR	HV5	18G	--	9U	9M	4.67280%
19	CR	HV5	19G	10PG	10U	10M	5.29566%
20	DR	HV5	20G	--	10U	10M	5.62155%

CONDOMINIUM PUBLIC REPORT ON
HAINOA VILLAS

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. All terms, covenants, conditions, restrictions and reservations contained in the Master Declaration of Protective Covenants, Conditions and Restrictions and Reservation of Easements for Hualalai at Historic Ka'upulehu dated May 9, 1996, recorded in said Bureau as Document No. 96-109954, as supplemented by instrument dated May 24, 2005, recorded in said Bureau as Document No. 2005-109398, and by instrument dated September 21, 2005, recorded in said Bureau as Document No. 2005-199484, as now or hereafter further amended and supplemented.
4. Real Property Mortgage, Security Agreement, Assignment of Leases and Rents, and Financing Statements dated August 14, 2000, recorded in said Bureau as Document No. 2000-122631, by and among Kaupulehu Makai Venture, a California partnership, as Mortgagor, and Kajima Capital of America, Inc., a Delaware corporation, and Kajima Kona Holdings, Inc., a Delaware corporation, as Mortgagee. KSBE Estoppel, Consent and Agreement dated as of June 16, 1997, recorded in said Bureau as Document No. 2000-122363, by and among the Trustees of the Estate of Bernice Pauahi Bishop, Kaupulehu Makai Venture, a California partnership, and Kajima Capital of America, Inc., a Delaware corporation. KSBE Estoppel, Consent and Agreement dated as of June 16, 1997, recorded in said Bureau as Document No. 2000-122364, by and among the Trustees of the Estate of Bernice Pauahi Bishop, Kaupulehu Makai Venture, a California partnership, and Kajima Kona Holdings, Inc., a Delaware corporation. First Amendment to Real Property Mortgage, Security Agreement, Assignment of Leases and Rents, and Financing Statement dated June 16, 2003, recorded in said Bureau as Document No. 2003-135269. Second Amendment to Real Property Mortgage, Security Agreement, Assignment of Leases and Rents, and Financing Statement dated June 16, 2003, recorded in said Bureau as Document No. 2003-135270. Fourth Subordination and Partial Release of Mortgage, and Assignment of Leases and Rents dated November 20, 2003, recorded in said Bureau as Document No. 2003-262817.

5. Amended and Restated Assignment of Leases and Rents dated August 14, 2000, but effective as of June 16, 1997, recorded in said Bureau as Document No. 2000-122636, made by and between Kaupulehu Makai Venture, a California general partnership, and Kajima Capital of America, Inc., a Delaware corporation. Second Amended and Restated Assignment of Leases and Rents dated June 16, 2003, recorded in said Bureau as Document No. 2003-135271. Fourth Subordination and Partial Release of Mortgage, and Assignment of Leases and Rents dated November 20, 2003, recorded in said Bureau as Document No. 2003-262817.
6. Amended and Restated Subordinated Assignment of Leases and Rents dated August 14, 2000, but effective as of June 16, 1997, recorded in said Bureau as Document No. 2000-122637, made by and between Kaupulehu Makai Venture, a California general partnership, and Kajima Kona Holdings, Inc., a Delaware corporation. Second Amended and Restated Subordinated Assignment of Leases and Rents dated June 16, 2003, recorded in said Bureau as Document No. 2003-135272. Fourth Subordination and Partial Release of Mortgage, and Assignment of Leases and Rents dated November 20, 2003, recorded in said Bureau as Document No. 2003-262817.
7. Financing Statement recorded in said Bureau as Document No. 2003-105985. UCC Financing Statement Amendment recorded in said Bureau as Document No. 2003-199695 and recorded in said Bureau as Document No. 2003-199696.
8. Financing Statement recorded in said Bureau as Document No. 2003-105986. UCC Financing Statement Amendment recorded in said Bureau as Document No. 2003-152069, recorded in said Bureau as Document No. 2003-199692, recorded in said Bureau as Document No. 2003-199693, and recorded in said Bureau as Document No. 2003-199694.
9. Limited Warranty Deed with Covenants dated November 20, 2003, recorded in said Bureau as Document No. 2003-262813.
10. Purchase Money Mortgage, Security Agreement and Financing Statement dated November 20, 2003, recorded in said Bureau as Document No. 2003-262814, by and between Kaupulehu Makai Venture, a California general partnership, as Mortgagor, and Trustees under the Will and of the Estate of Bernice Pauahi Bishop, Deceased, as Mortgagee.
11. Limited Warranty Deed with Covenants dated November 20, 2003, recorded in said Bureau as Document No. 2003-262815.
12. Purchase Money Mortgage, Security Agreement and Financing Statement dated November 20, 2003, recorded in said Bureau as Document No. 2003-262816, by

and between Kaupulehu Makai Venture, a California general partnership, as Mortgagor, and the Trustees under the Will and of the Estate of Bernice Pauahi Bishop, Deceased, as Mortgagee.

13. Existing Easement "10", for trail purposes, as shown on File Plan No. 2161.
14. –As to Easement "10":- Rights of others who may have an easement or access rights over said easement.
15. Designation of Easement "8", for access and utility purposes, as shown on File Plan No. 2357.
16. –As to Easement "8":- Rights of others who may have an easement or access rights over said easement.
17. Declaration of Encroachment dated July 2, 2004, recorded in said Bureau as Document No. 2004-138073.
18. Declaration of Condominium Property Regime of Hainoa Villas dated May 24, 2005, recorded in said Bureau as Document No. 2005-109396, as amended by that certain First Amendment to Declaration of Condominium Property Regime of Hainoa Villas dated September 21, 2005, recorded as Document No. 2005-199483, as now or hereafter further amended. Condominium File Plan No. 4009, as now or hereafter amended.
19. By-Laws of the Association of Apartment Owners of Hainoa Villas dated May 24, 2005, recorded in said Bureau as Document No. 2005-109397, as now or hereafter amended.

CONDOMINIUM PUBLIC REPORT ON
HAINOA VILLAS

EXHIBIT G

DISCLOSURE ABSTRACT

1. (a) PROJECT: HAINOA VILLAS
Kaupulehu-Kona, Hawaii
 - (b) DEVELOPER: Kaupulehu Makai Venture
100 Kaupulehu Drive
Kaupulehu-Kona, Hawaii 96740
P. O. Box 1119
Kailua-Kona, Hawaii 96745
Telephone: (808) 325-8400
 - (c) MANAGING AGENT: Augustine Realty
74-240 Nani Kailua Drive, Suite 9
Kailua-Kona, Hawaii 96740
Telephone: (808) 326-7170
2. USE OF APARTMENTS:
 - (a) Number of Apartments in Project for Residential Use: 20
 - (b) Proposed Number of Apartments in Project for Hotel Use: -0-
 - (c) Extent of Commercial or Other Nonresidential Development in Project:
None
 3. WARRANTIES:

(a) Developer will provide to Buyer a limited warranty that for a period of one year from the date of recordation in the Bureau of Conveyances of the State of Hawaii of the deed from Developer to Buyer (the "Closing"), the Developer's managing agent, Hualalai Development Company, Inc. ("HDC") will correct any defect in the appliances, equipment and other items that are "consumer products" for the purposes of the Magnuson-Moss Warranty Act (15 U.S.C., Sections 2301-2312) as well as the plumbing, electrical and air-conditioning systems, and the floors, ceilings, walls and other structural components of the apartment due to defective materials or workmanship of which HDC receives written notice during such one-year period following the date of Closing.

(b) HDC shall assign to Buyer all manufacturers' warranties on appliances or other equipment installed in the apartment.

(c) HDC does not warrant or assume responsibility for the following items, which are excluded from coverage of HDC's warranty: (i) defects in any item that was not part of the original apartment constructed by HDC; (ii) any defect caused by or worsened by negligence, improper maintenance, lack of maintenance, improper action or inaction, or willful or malicious acts by any party other than HDC, its employees, agents or trade contractors; (iii) normal wear and tear of the apartment; (iv) loss or damage caused by acts of God, including but not limited to fire, explosion, smoke, water escape, changes that are not reasonably foreseeable in the level of the underground water table, glass breakage, windstorm, hail, lightening, falling trees, flood, and earthquakes; (v) any defect or damage caused by changes in the grading or drainage patterns or by excessive watering of the ground of the Buyer's property or adjacent property by any party other than HDC, its employees, agents, or trade contractors; (vi) any damage to the extent it is caused or made worse by the failure of anyone other than HDC or its employees, agents or trade contractors to comply with the requirements of HDC's warranty or the requirements of the manufacturers' warranties; (vii) any defect or damage that is covered by a manufacturer's warranty that has been assigned to Buyer; (viii) failure of a Buyer to take timely action to minimize loss or damage or Buyer's failure to give HDC timely notice of the defect; or (ix) insect or animal damage.

4. **BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:**

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Augustine Realty, a Hawaii general partnership, for the one-year period commencing October 1, 2005. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of the Hualalai Community Association dues (presently established as \$3,138.00 per year) or real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states 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; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

6. HUALALAI COMMUNITY ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Hualalai Community Association. As such member, each apartment owner will be required to pay Hualalai Community Association annual dues. The Hualalai Community Association dues are presently established at \$3,138.00 per year.

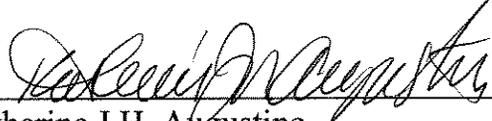
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am a Partner of Augustine Realty, a Hawaii general partnership, designated by the Developer of the HAINOA VILLAS condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

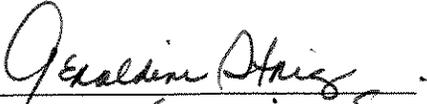
2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing October 1, 2005, based on generally accepted accounting principles.

DATED: Kailua-Kona, Hawaii, this 27th day of September, 2005.

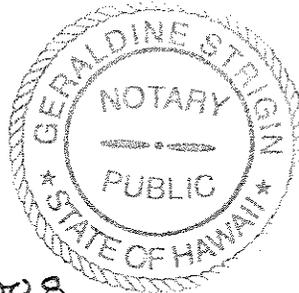


Katherine J.H. Augustine
Partner

Subscribed and sworn to before me
this 27th day of September, 2005.



Print Name: GERALDINE STRIGINI
Notary Public, State of Hawaii



My Commission expires: January 16, 2008

EXHIBIT "A"

HAINOA VILLAS

Estimated Annual Common Expenses

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Utilities and Services</u>		
Electricity (common elements only)	\$600	\$7,200
Pest Control	1,000	12,000
Refuse Collection	350	4,200
Water (Irrigation only)	5,000	60,000
<u>Maintenance, Repairs and Supplies</u>		
Facilities	2,000	24,000
Grounds	23,000	276,000
<u>Management</u>		
Management Fees	1,516	18,192
<u>Insurance</u>	6,600	79,200
<u>Reserves</u>	5,000	60,000
<u>Audit Fees</u>	125	1,500
<u>Legal Fees</u>	100	1,200
<u>Miscellaneous – Project Expense</u>	150	1,800
TOTAL DISBURSEMENTS	<u>\$45,441</u>	<u>\$545,292</u>

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated monthly maintenance charge for each Type A and Type AR apartment is \$2,003.94 per month.

The estimated monthly maintenance charge for each Type B and Type BR apartment is \$2,123.37 per month.

The estimated monthly maintenance charge for each Type C and Type CR apartment is \$2,406.40 per month.

The estimated monthly maintenance charge for each Type D and Type DR apartment is \$2,554.49 per month.

In addition, each owner shall pay the Hualalai Community Association annual dues presently established at \$3,138.00 per year.