

## CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer: Hotels In Paradise, Inc.  
Address: City Center, Ste. 950, 810 Richards St., Honolulu, HI 96813  
Project Name(\*): WAIAKEA VILLAGE  
Address: 400 Hualani Street, Hilo, HI 96720

Registration No. 6057  
(Conversion)

Effective date: October 2, 2006  
Expiration date: November 2, 2007

### 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.

**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: \_\_\_\_\_
- Supplementary Public Report dated: \_\_\_\_\_

- And
- Supersedes all prior public reports
  - Must be read together with \_\_\_\_\_.
  - 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.*

FORM:RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

**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 Commission.

Changes made are as follows:

A Preliminary Public Report for the project with an effective date of September 9, 1983 was issued by the Commission under Registration No. 1563. That report has expired and is no longer effective or relevant.

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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 of Directors 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: Hotels In Paradise, Inc. Phone: (808) 791-2800  
Name\* (Business)  
City Center, Ste. 950, 810 Richards St., Honolulu, HI 96813  
Business Address

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):  
Simon Bebb - President, Vice-President, Secretary, Treasurer and Director

Real Estate Broker\*: Hilo Brokers, Ltd. Phone: (808) 969-9400  
Name (Business)  
80 Pauahi Street, #105  
Business Address  
Hilo, HI 96720

Escrow: Fidelity Nat. Title & Escrow of Hawaii, Inc. Phone: (808) 936-0909  
Name (Business)  
1255 Kilauea Avenue, Suite 200A  
Business Address  
Hilo, Hawaii 96720

General Contractor\*: Not Applicable. Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Condominium Managing Agent\*: Hawaii First, Inc. Phone: (808) 531-5566  
Name (Business)  
800 Bethel Street, Suite 501  
Business Address  
Honolulu, HI 96813

Attorney for Developer: Steven S.C. Lim, Esq. Phone: (808) 935-6644  
Name (Business)  
Carlsmith Ball LLP  
Business Address  
121 Waianuenue Ave., Hilo, HI 96720

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

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-118505  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document No. 3445399

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

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

The Condominium Map for the condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 4271  
 Filed - Land Court Condo Map No. 1816

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

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

The Bylaws for this condominium are:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-118506  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document No. 3445400

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

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt House Rules

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

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

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

Notwithstanding the sale of any of the Apartments, the Developer acting alone may amend the Declaration to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12, Hawaii Revised Statutes, so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, Apartment numbers and dimensions of the Apartments as built, or, so long as any plans filed therewith involve only immaterial changes to the layout, location, Apartment numbers, or dimensions of the Apartments as built. At any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of an Apartment and its appurtenances to a party not a signatory hereto, the Declarant may amend the Declaration, the other Project Documents and/or the Condominium Map in any manner without approval or consent of any Apartment purchaser. This Paragraph shall not be deemed to limit or restrict the Developer's right as an Owner to amend the Declaration as provided in the Project Documents.

The Developer has also reserved the right to reduce or increase the number of buildings and/or apartments in the project.



[ ] 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 purposes 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: 400 Hualani Street  
Hilo, Hawaii 96720

Tax Map Key: (3) 2-2-030:018  
(TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 223,146 [X] square feet [ ] acre(s) Zoning: V-S- .75 (portion)  
CG 7.5 (portion)

Fee Owner: Hotels In Paradise, Inc.  
 Name  
City Center, Ste. 950, 810 Richards St., Honolulu, HI 96813  
 Address

Sublessor: Not Applicable.  
 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: Twelve (12) Floors Per Building 2 - 3  
 Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other Gypsum board, aluminum and related building materials

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>32</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes  No

5. Special Use Restrictions:

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

Pets: \_\_\_\_\_

Number of Occupants: \_\_\_\_\_

Other: The Suites shall at all times be used in any retail, industrial or commercial manner in accordance with the Declaration and the Bylaws, the County of Hawaii Zoning Code, the laws of the State of Hawaii relating to land use districts (Chapter 205, Hawaii Revised Statutes), and any other applicable law, and for not other purposes. Use for automotive repair and services is strictly prohibited.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 23 Trash Chutes: 0

<u>Apt. No.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>11A/B</u>	<u>1</u>	<u>0</u>	<u>637</u>	<u>                    </u>	<u>                    </u>
<u>11C</u>	<u>1</u>	<u>0</u>	<u>637</u>	<u>                    </u>	<u>                    </u>
<u>11D</u>	<u>1</u>	<u>0</u>	<u>1,392</u>	<u>                    </u>	<u>                    </u>
<u>12A</u>	<u>1</u>	<u>0</u>	<u>2,541</u>	<u>                    </u>	<u>                    </u>

[Continued on page 11A]

Total Apartments: 32

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. THE APARTMENTS ARE FOR COMMERCIAL USE ONLY.**

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

**Boundaries of Each Apartment:**

Each Apartment shall be deemed to include (i) the walls and partitions which are not load-bearing and which are within the perimeter walls, and (ii) doors and door frames, windows and window frames, the inner decorated or finished surfaces of the walls, floors, and ceilings surrounding the Apartment, and the air space within the perimeters of the Apartment.

**Permitted Alterations to Apartments:**

Restoration or replacement of the Project or any portion thereof or construction of any additional building or structural alteration or addition to any building, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association only pursuant to an amendment of the Declaration in accordance with Paragraph O thereof, 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, and promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file of record 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.

**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 this apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

<u>Apt. No.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
13D	1	0	404		
13E	1	0	496		
14A	1	1 WC	1,472		
15A	1	0	1,038		
16A	1	1 WC	996		
16A2/1	1	0	381	60	Balcony
16A2/B	1	0	378	111	Balconies
16A2/C	1	0	183	88	Balconies
16B	1	0	798		
16C	1	0	304		
16D	1	0	662		
16E	1	0	2,307		
17A	1	1 WC	1,056	341	Lanai
17A2	1	0	1,408	44	Balcony
18A	1	0	1,087		
18B	1	0	337		
19A1	1	0	1,134		
19A2	1	0	1,656		
19B	1	0	589		
20B1/B2	1	0	708		
20C/D/E	1	0	2,825		
21A	1	0	1,056		
21B	1	0	1,048	306	Balconies
22A	1	0	803	176	Lanais
22B	1	0	2,774	351	Balconies
22C	1	0	7,609		
22D	1	0	4,679	474	Balconies
22E	1	0	4,031		

7. Parking Stalls:

Total Parking Stalls: 193

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned	<u>0</u>	<u>53</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>57</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>135</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>136</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other:			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>193</u>
Total Covered & Open	<u>188</u>		<u>5</u>		<u>0</u>		<u>193</u>

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

\* There are no residential apartments in the project.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool                       Storage Area                       Recreation Area

Laundry Area                       Tennis Court                       Trash Chute

Other: Common area restrooms

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 \_\_\_\_\_

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):

“All structural components and mechanical and electrical installations material to the use and enjoyment of the project are in a sound and good working condition consistent with their age, with no representations made as to their expected useful life.” See Certificate of Architect submitted with Condominium Map.

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:

The Planning Department of the County of Hawaii granted Variance No. 67 to allow twenty-four percent (24%) compact parking stalls in lieu of code allowance at the time of the variance of ten percent (10%).

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>	_____	_____
Structures	<u>    X    </u>	_____	_____
Lot	<u>    X    </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 B.

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  B .

as follows:

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

described in Exhibit \_\_\_\_\_.

as follows:

<u>Apt. No.</u>	<u>Common Interest</u>
<u>11A/B</u>	<u>1.29164%</u>
<u>11C</u>	<u>1.29164%</u>
<u>11D</u>	<u>2.82256%</u>
<u>12A</u>	<u>5.15238%</u>

[Continued on page 14A]

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  C  describes the encumbrances against the title contained in the title report dated  May 17, 2006  and issued by  Fidelity National Title Insurance Company.

<u>Apt. No.</u>	<u>Common Interest</u>
<u>13D</u>	<u>0.81919%</u>
<u>13E</u>	<u>1.00574%</u>
<u>14A</u>	<u>2.98477%</u>
<u>15A</u>	<u>2.10475%</u>
<u>16A</u>	<u>2.01959%</u>
<u>16A2/1</u>	<u>0.77255%</u>
<u>16A2/B</u>	<u>0.99154%</u>
<u>16A2/C</u>	<u>0.54951%</u>
<u>16B</u>	<u>1.61810%</u>
<u>16C</u>	<u>0.61642%</u>
<u>16D</u>	<u>1.34234%</u>
<u>16E</u>	<u>4.67790%</u>
<u>17A</u>	<u>2.83269%</u>
<u>17A2</u>	<u>2.94422%</u>
<u>18A</u>	<u>2.20411%</u>
<u>18B</u>	<u>0.68333%</u>
<u>19A1</u>	<u>2.29940%</u>
<u>19A2</u>	<u>3.35787%</u>
<u>19B</u>	<u>1.19431%</u>
<u>20B1/B2</u>	<u>1.43561%</u>
<u>20C/D/E</u>	<u>5.72825%</u>
<u>21A</u>	<u>2.14125%</u>
<u>21B</u>	<u>2.74550%</u>
<u>22A</u>	<u>1.98512%</u>
<u>22B</u>	<u>6.33656%</u>
<u>22C</u>	<u>15.42878%</u>
<u>22D</u>	<u>10.44873%</u>
<u>22E</u>	<u>8.17365%</u>
 TOTAL	 100%

**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>
Mortgages and related security instruments	If any of the existing liens are foreclosed upon prior to conveyance to the purchaser, the purchaser will be entitled to a refund of deposits held in escrow, if any, and to exercise the purchaser's rights in the reservation agreement or purchase contract against the developer.

**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:**

Developer makes no express warranties. 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 ANY IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENTS, THE COMMON ELEMENTS OR THE PROJECT.

Developer disclaims any and all responsibility or liability for any water infiltration, any malfunction, any construction or design defect, or any other problems which a buyer may encounter with respect to the apartments or the project.

**2. Appliances:**

None.

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

Construction was completed in 1972.

H. **Project Phases:**

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

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

Developer has reserved the right, but is not obligated, to construct, sell and convey additional buildings and apartments within the project subject all limitations imposed by applicable County zoning.

**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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer’s affiliate.
- 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, your apartment may be liened and 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     D     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 \_\_\_\_\_

## 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 \_\_\_ contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated March 16, 2006
- Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
- Other: Specimen Reservation Agreement. Exhibit E contains a summary of the pertinent provisions of the Reservation Agreement.

### B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report 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 given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime.
  - C) Bylaws of the Association of Apartment Owners.
  - D) House Rules.
  - 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. 6057 filed with the Real Estate Commission on June 27, 2006.

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

YELLOW paper stock                       WHITE paper stock                       PINK paper stock

C. **Additional Information Not Covered Above**

None.



# WAIAKEA VILLAGE

## EXHIBIT "A"

### DESCRIPTION OF BUILDINGS AND APARTMENTS

1. **Description of the Buildings:** The portion of the Project covered by the foregoing Public Report is shown on the Condominium Map and consists of twelve (12) commercial buildings. Each commercial building is designated by a number, 11 through 22. Buildings 11, 12 and 13 have a ground floor and a mezzanine floor. Buildings 14, 15, 16, 17, 18 and 21 have a ground floor and a second floor. Buildings 18 and 20 have a ground floor, a mezzanine floor and a second floor. Building 19 has a basement, a ground floor and a second floor. Buildings 12, 14 and 15 each contain one (1) Apartment; Buildings 13, 17, 18, 20 and 21 each contain two (2) Apartments; Buildings 11 and 19 each contain three (3) Apartments; Building 22 contains five (5) Apartments and Building 16 contains eight (8) Apartments, for a total of thirty two (32) Apartments. The buildings and Apartments are constructed principally of concrete, wood, gypsum board and related building material. If the descriptions and divisions set forth in the Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended only to show the layout, location, Apartment numbers, dimensions and elevations of the Apartments and is not intended and shall not be deemed to contain or make any other representation or warranty.

2. **Description of the Apartments:** The portion of the Project covered by the foregoing public report consists of thirty-two (32) freehold estates in the spaces within the perimeter walls, floors and ceilings of the thirty-two (32) Apartment. The thirty-two (32) Apartments shown on the Condominium Map are hereby designated as the Apartments of the Project.

a. **Apartment Numbers and Locations.** The Apartment numbers and the location of Apartments are shown on the Condominium Map. Apartments located in the buildings of the Project are designated by a number for the building in which the Apartment is located, followed by a letter.

(1) Building 11 contains the following Apartments: 11A/B, 11C and 11D.

(2) Building 12 contains the following Apartment: 12A.

(3) Building 13 contains the following Apartments: 13D and 13E.

(4) Building 14 contains the following Apartment: 14A.

(5) Building 15 contains the following Apartment: 15A.

(6) Building 16 contains the following Apartments: 16A, 16A2/1, 16A2/B, 16A2/C, 16B, 16C, 16D and 16E.

(7) Building 17 contains the following Apartments: 17A and 17A2.

- (8) Building 18 contains the following Apartments: 18A and 18B.
- (9) Building 19 contains the following Apartments: 19A1, 19A2 and 19B.
- (10) Building 20 contains the following Apartments: 20C/20D/20E and 20B1/10B2.
- (11) Building 21 contains the following Apartments: 21A and 21B.
- (12) Building 22 contains the following Apartments: 22A, 22B, 22C, 22D and 22E.

b. Layout and Area. The various Apartments and their respective areas are more particularly described as follows:

- (1) Apartment 11A/B consists of two rooms on the ground floor plus a mezzanine, which are connected by an interior stairway. This unit has a net floor area of approximately 637 square feet.
- (2) Apartment 11C consists of two rooms on the ground floor plus a mezzanine, which are connected by an interior stairway. This unit has a net floor area of approximately 637 square feet.
- (3) Apartment 11D consists of four rooms on the ground floor plus two mezzanines, which are connected by an interior stairway. This unit has a net floor area of approximately 1,392 square feet.
- (4) Apartment 12A consists of a foyer, two seating areas, a bar, two storage rooms, a kitchen, a refrigeration room, and a dishwashing area on the ground floor plus a mezzanine, which are connected by an interior stairway. This unit has a net floor area of approximately 2,541 square feet.
- (5) Apartment 13D consists of one room on the ground floor. This unit has a net floor area of approximately 404 square feet.
- (6) Apartment 13E consists of one room on the ground floor plus a mezzanine, which are connected by an interior stairway. This unit has a net floor area of approximately 496 square feet.
- (7) Apartment 14A consists of one room, a bathroom and two closets on the ground floor plus a mezzanine, which are connected by an interior stairway. This unit has a net floor area of approximately 1,472 square feet.
- (8) Apartment 15A consists of two rooms on the ground floor plus two rooms on the second floor, which are connected by an interior stairway. This unit has a net floor area of approximately 1,038 square feet.

(9) Apartment 16A consists of one room, a bathroom and a concession bar area on the ground floor. This unit has a net floor area of approximately 996 square feet.

(10) Apartment 16A2/1 consists of one room on the second floor with an area of approximately 321 square feet, and a lanai of approximately 60 square feet, with a net floor area of approximately 381 square feet.

(11) Apartment 16A2/B consists of one room on the second floor with an area of approximately 378 square feet, and a lanai of approximately 111 square feet, with a net floor area of approximately 489 square feet.

(12) Apartment 16A2/C consists of one room on the second floor with an area of approximately 183 square feet, and a lanai of approximately 88 square feet, with a net floor area of approximately 271 square feet.

(13) Apartment 16B consists of two rooms on the ground floor plus a mezzanine, which are connected by an interior stairway. This unit has a net floor area of approximately 798 square feet.

(14) Apartment 16C consists of one room on the ground floor. This unit has a net floor area of approximately 304 square feet.

(15) Apartment 16D consists of two rooms on the ground floor. This unit has a net area of approximately 662 square feet.

(16) Apartment 16E consists of two shop rooms, two storage rooms, an office, a laundry room and a bathroom on the ground floor. This unit has a net floor area of approximately 2,307 square feet.

(17) Apartment 17A consists of a seating area, a bar, a kitchen, two storage rooms and a bathroom located on the ground floor with an area of approximately 1,056 square feet, and a lanai of approximately 341 square feet. This unit has a net floor area of approximately 1,397 square feet.

(18) Apartment 17A2 consists of ten rooms on the second floor with an area of approximately 1,408 square feet, and a lanai of approximately 44 square feet. This unit has a net floor area of approximately 1,452 square feet.

(19) Apartment 18A consists of two rooms on the ground floor and two rooms on the second floor which are connected by an interior stairway. This unit has a net floor area of approximately 1,087 square feet.

(20) Apartment 18B consists of one room on the ground floor and a mezzanine which are connected by a vertical ladder. This unit has a net floor area of approximately 337 square feet.

(21) Apartment 19A1 consists of one room with a storage closet on the ground floor. This unit has a net floor area of approximately 1,134 square feet.

(22) Apartment 19A2 consists of four rooms on the second floor. This unit has a net floor area of approximately 1,656 square feet.

(23) Apartment 19B consists of one room on the basement floor. This unit has a net floor area of approximately 589 square feet.

(24) Apartment 20B1/B2 consists of two rooms on the ground floor plus two rooms on the mezzanine level, which are connected by an internal stairway. This unit has a net floor area of approximately 708 square feet.

(25) Apartment 20C/D/E consists of two rooms on the ground floor and five rooms on the second floor, which are connected by an internal stairway. This unit has a net floor area of approximately 2,825 square feet.

(26) Apartment 21A consists of one room on the ground floor. This unit has a net floor area of approximately 1,056 square feet.

(27) Apartment 21B consists of one room on the second floor with an area of approximately 1,048 square feet, and three balconies with an area of approximately 306 square feet. This unit has a net floor area of approximately 1,354 square feet..

(28) Apartment 22A consists of one room with a bar area and a storage room on the ground , with an area of approximately 803 square feet, and two lanais with an area of approximately 176 square feet. This unit has a net floor area of approximately 979 square feet.

(29) Apartment 22B consists of a meeting room on the ground level with an area of approximately 2,774 square feet, plus two balconies of approximately 351 square feet. This unit has a net floor area of approximately 3,125 square feet.

(30) Apartment 22C consists of seven rooms, a loading area, a kitchen, a banquet room, a stage area and a storage room on the ground floor. This unit has a net floor area of approximately 7,609 square feet.

(31) Apartment 22D consists of one room, two storage rooms, and a lobby on the second floor, with an area of approximately 4,679 square feet. This unit has a net floor area of approximately 5,153 square feet.

(32) Apartment 22E consists of five rooms, a men's bathroom and a women's bathroom on the basement level. This unit has a net floor area of approximately 4,031 square feet.

The foregoing approximate total square footage of the enclosed portions of the Apartments is computed from and to the interior surfaces of the Apartment perimeter walls,

including lanais, and no reduction is made to account for interior load-bearing walls, ducts, vents, shafts and the like located within the perimeter walls.

**END OF EXHIBIT "A"**

# WAIAKEA VILLAGE

## EXHIBIT "B"

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

2. **Common Elements:** One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements", including specifically, but not limited to:

- a. The Land in fee simple.
- b. All foundations, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, stairs and stairways, and entrances and exits of said buildings.
- c. All driveways, sidewalks, parking areas, yards, gardens, trash areas, loading zones, recreational facilities, storage spaces, and outdoor cooking areas, if any.
- d. All grounds and landscaping, if any, whether within or appurtenant to the Project.
- e. All ducts, sewer lines, cesspools, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
- f. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

Any area labeled common area on the Condominium Map.

2. **Limited Common Elements:** 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 costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Apartment to which the Limited Common Element is appurtenant, and if there is more than one Apartment to which the Limited Common Element is appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided in the Declaration.

a. Entry patios, porches, decks, steps, entry walkways and stairways which are used only for the purposes of ingress to and egress from a particular Apartment shall be appurtenant to and for the exclusive use of said Apartment.

b. All Common Elements of the Project which are rationally related to less than all of the Apartments shall be Limited Common Elements appurtenant to the Apartment(s) to which they are so related.

**END OF EXHIBIT "B"**

# WAIAKEA VILLAGE

## EXHIBIT "C"

### ENCUMBRANCES AGAINST THE TITLE

The following are the encumbrances against title to the Project that are contained in the title report issued by Fidelity National Title dated May 17, 2006:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Any adverse claim based upon the assertion that:
  - A. Said land or any part thereof is now or at any time has been below the highest of the high watermarks of the Waiakea fish pond, in the event the boundary of said pond has been artificially raised or is now or at any time has been below the high watermark, if said river is in its natural state.
  - B. Some portion of said land has been created by artificial means or has accreted to such portion so created.
  - C. Some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Waiakea fish pond, or has been formed by accretion to any such portion.
3. Building setback violation between Building 9 (located on Lot 4-A-2-A-20) and Building 12 (located on Lot 4-A-2-A-1) as noted on Surveyor's Report prepared by Nobuchika Santo, Registered Professional Surveyor, dated June 8, 1998.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT:       AGREEMENT

DATED:             September 23, 1983

FILED:             Land Court Document No. 1203592

RECORDED:         Liber 17467 at Page 51

PARTIES:           Fujiyama Development Corp., a Hawaii corporation, and the County of Hawaii, a municipal corporation, through its Planning Department

5. Various driveways, drains, sewer, water and underground electric and telephone lines, as shown on survey prepared by Nobuchika Santo, Registered Professional Surveyor, dated June 30, 1988.

6. AS TO PARCEL SECOND:

(A) Covenants, conditions and restrictions contained in Grant of Easement No. S-4553

(B) The terms and provisions contained in the following:

INSTRUMENT: CABLE TELEVISION INSTALLATION AGREEMENT  
DATED: August 27, 1993  
RECORDED: Document No. 94-023178  
PARTIES: Shanghai Investment Co., Inc., "Owner", and Jones Spacelink of Hawaii, Inc., a Colorado corporation, "Operator"

7. Mortgage

MORTGAGOR: Hotels in Paradise, Inc., a Hawaii corporation  
MORTGAGEE: Owens Financial Group, Inc., a California corporation  
DATED: February 15, 2000  
FILED: Land Court Document No. 2609256  
RECORDED: Document No. 2000-026076  
AMOUNT: \$1,500,000.00  
CONSENT: Lack of consent by the State of Hawaii

Above mortgage assigned

TO: Owens Mortgage Investment Fund, a California Limited Partnership  
FILED: Land Court Document No. 2677759  
RECORDED: Document No. 2001-007461

Above mortgage amended by instrument

FILED: Land Court Document No. 2798589  
RECORDED: Document No. 2002-071271

8. Financing Statement

DEBTOR: Hotels in Paradise, Inc., a Hawaii corporation, as Fee Owner  
SECURED PARTY: Owens Financial Group, Inc., a California corporation  
RECORDED: Document No. 2000-026077  
RECORDED ON: February 28, 2000

Above Financing Statement changed by instrument

RECORDED: Document No. 2005-050976  
RECORDED ON: March 15, 2005  
RE: Continuation statement

9. Mortgage

MORTGAGOR: Hotels in Paradise, Inc., a Hawaii corporation  
MORTGAGEE: Investor's Funding Corporation, a Hawaii corporation  
DATED: October 27, 2000  
FILED: Land Court Document No. 2660680  
RECORDED: Document No. 2000-152541  
AMOUNT: \$130,000.00  
CONSENT: Lack of consent by the State of Hawaii

10. Financing Statement

DEBTOR: Hotels in Paradise, Inc., a Hawaii corporation  
SECURED PARTY: Investor's Funding Corporation, as Trustee  
RECORDED: Document No. 2000-152542  
RECORDED ON: October 27, 2000

11. Judgment

AGAINST: Shanghai Investments Company Inc., a Hawaii corporation and  
Windward Park Inc., a Hawaii corporation  
IN FAVOR OF: Alteka Co. Ltd., a Japan corporation  
AMOUNT: \$176,287.80  
FILED: Supreme Court of the State of Hawaii, State of Hawaii, 20709  
FILED: Land Court Document No. 2683568  
RECORDED: Document No. 2001-021742  
RECORDED ON: February 15, 2001

12. Mortgage

MORTGAGOR: Hotels in Paradise, Inc., a Hawaii corporation  
MORTGAGEE: Investor's Funding Corporation, a Hawaii corporation  
DATED: April 19, 2001  
FILED: Land Court Document No. 2698316  
RECORDED: Document No. 2001-056882  
AMOUNT: \$360,000.00

Above mortgage amended by instrument

FILED: Land Court Document No. 2701516  
RECORDED: Document No. 2001-063588  
RE: Increase of promissory note amount of \$390,000.00

13. Financing Statement

DEBTOR: Hotels in Paradise, Inc., a Hawaii corporation  
SECURED PARTY: Investor's Funding Corporation, as Trustee  
RECORDED: Document No. 2001-056883  
RECORDED ON: April 19, 2001

14. Amended Accommodation Mortgage, Security Agreement and Financing Statement

MORTGAGOR: Hotels in Paradise, Inc. (fka Shanghai Investment Company, Inc.), a Hawaii corporation, and KVR, Incorporated, a Hawaii corporation  
MORTGAGEE: Hatsuko Otsuka  
DATED: April 17, 2001  
FILED: Land Court Document No. 2699137  
RECORDED: Document No. 2001-058633  
AMOUNT: \$600,000.00  
CONSENT: Lack of consent by the State of Hawaii

15. Judgment

AGAINST: Hotels in Paradise, Inc., formerly known as Shanghai Investment Company, Ltd.  
IN FAVOR OF: Alteka Co., Ltd., a Japan corporation  
AMOUNT: \$314,319.10 plus additional fees  
FILED: Circuit Court of the First Circuit, State of Hawaii, State of Hawaii, Case No. 94-2683-07 (EEH), on April 25, 2001  
FILED: Land Court Document No. 2703258  
RECORDED: Document No. 2000-067642 on May 7, 2001  
RECORDED ON: May 7, 2001

16. Mortgage, Security Agreement and Financing Statement

MORTGAGOR: Hotels in Paradise, Inc. (fka Shanghai Investment Company, Inc.), a Hawaii corporation  
MORTGAGEE: Hawaii Electric Light Company, Inc., a Hawaii corporation  
DATED: July 5, 2001  
FILED: Land Court Document No. 2730166  
AMOUNT: \$340,000.00

17. Claims arising out of the failure to procure consent from the State of Hawaii to (a) Mortgage dated February 15, 2000, filed as Land Court Document No. 2609256; (b) Mortgage dated October 27, 2000, filed as Land Court Document No. 2660680, recorded as Document No. 2000-152541; (c) Mortgage dated April 19, 2001, filed as Land Court Document No. 2698316, recorded as Document No. 2001-056882; (d) Mortgage dated April 17, 2001, filed as Land Court Document No. 2699137, recorded

as Document No. 2001-058633; and (e) Mortgage dated July 5, 2001, filed as Land Court Document No. 2730166.

18. Any unrecorded or unfiled leases, subleases or rental agreements and any liens, charges or exceptions against any lessees, sublessees or tenants named therein.

19. A pending Court Action as disclosed by a recorded notice:

PLAINTIFF: Big Island Video Dance Club, L.L.C.  
DEFENDANT: Hotels in Paradise, Inc.  
COURT: Third Circuit Court, State of Hawaii  
CASE NO.: 03-1 -01 22  
NATURE OF ACTION: to establish Plaintiff's continued right to possession of a portion of land under search  
RECORDED: Document No. 2003-168083  
RECORDED ON: August 12, 2003

20. A tax lien in favor of the State of Hawaii.

AMOUNT: \$5,528.65  
FILED BY: Department of Taxation, State of Hawaii  
TAXPAYER: Hotels in Paradise, Inc. FKA Shanghai Investment Company Inc.  
CERTIFICATE NO.:  
RECORDED: Document No. 2004-014929

21. Judgment

AMOUNT: \$57,371.90  
DEBTOR: Shanghai Investment Company, Inc., now known as Hotels in Paradise, Inc., a Hawaii corporation, et. al.  
CREDITOR: GE Capital Hawaii, Inc., a Hawaii corporation  
DATE ENTERED: June 23, 2004  
COURT: Circuit Court, First Circuit  
CASE NO.: 00-1-3657-12  
FILED: Land Court Document No. 3131162  
RECORDED: Document No. 2004-134873  
RECORDED ON: July 1, 2004

22. Judgment

AMOUNT: \$47,536.77  
DEBTOR: Hotels in Paradise, Inc., et. al.  
CREDITOR: Sunset Management, LLC  
DATE ENTERED: July 30, 2004  
COURT: Circuit Court, First Circuit  
CASE NO.: 02-1-2929-11  
FILED: Land Court Document No. 3152832  
RECORDED: Document No. 2004-169367  
RECORDED ON: August 17, 2004

21. For information regarding real property taxes as may be due and owing, reference is made to the Director of Finance, County of Hawaii.

**END OF EXHIBIT "C"**

**ESTIMATE OF MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS  
FOR  
WAIAKEA VILLAGE CONDOMINIUM**

**Estimate of Maintenance Fees:**

<b>Apartment Type</b>	<b>PCI %</b>	<b>Monthly Fee</b>	<b>X 12 Months</b>	<b>= Yearly Total</b>
11 A/B	1.29164	\$ 325.23		\$ 3,902.76
11C	1.29164	\$ 325.23		\$ 3,902.76
11D	2.82256	\$ 710.72		\$ 8,528.64
12	5.15238	\$ 1,297.37		\$ 15,568.44
13D	0.81919	\$ 206.27		\$ 2,475.24
13E	1.00574	\$ 253.25		\$ 3,039.00
14A	2.98477	\$ 751.57		\$ 9,018.84
15	2.10475	\$ 529.98		\$ 6,359.76
16A	2.01959	\$ 508.53		\$ 6,102.36
16A2/1	0.77255	\$ 194.53		\$ 2,334.36
16A2/B	0.99154	\$ 249.67		\$ 2,996.04
16A2/C	0.54951	\$ 138.37		\$ 1,660.44
16B	1.61810	\$ 407.44		\$ 4,889.28
16C	0.61642	\$ 155.21		\$ 1,862.52
16D	1.34234	\$ 338.00		\$ 4,056.00
16E	4.67790	\$ 1,177.90		\$ 14,134.80
17A	2.83269	\$ 713.27		\$ 8,559.24
17A2	2.94422	\$ 741.35		\$ 8,896.20
18A	2.20411	\$ 554.99		\$ 6,659.88
18B	0.68333	\$ 172.06		\$ 2,064.72
19A1	2.29940	\$ 578.99		\$ 6,947.88
19A2	3.35787	\$ 845.51		\$ 10,146.12
19B	1.19431	\$ 300.73		\$ 3,608.76
20B1 & 20B2	1.43561	\$ 361.49		\$ 4,337.88
20C-20D-20E	5.72825	\$ 1,442.37		\$ 17,308.44
21A	2.14125	\$ 539.17		\$ 6,470.04
21B	2.74550	\$ 691.32		\$ 8,295.84
22A	1.98512	\$ 499.85		\$ 5,998.20

**Exhibit "D"**

**Page 1**

**Estimate of Initial Maintenance Fees:**

22B	6.33656	\$ 1,595.55		\$ 19,146.60
22C	15.42878	\$ 3,884.97		\$ 46,619.64
22D	10.44873	\$ 2,630.99		\$ 31,571.88
22E	8.17365	\$ 2,058.13		\$ 24,697.56

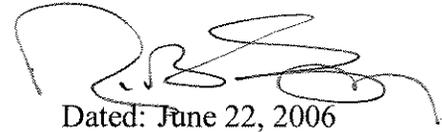
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

**Estimate of Maintenance Fee Disbursements: For maintenance and service of the Common Elements only.**

Monthly Fee      X 12 Months      = Yearly Total

<b>Utilities and Services</b>		
Electricity Common Areas	1,000.00	12,000.00
Refuse	600.00	7,200.00
Water/Sewer	1,800.00	21,600.00
Security	1,300.00	15,600.00
<b>Maintenance, Repairs and Supplies</b>		
Building	500.00	6,000.00
Plumbing	100.00	1,200.00
Irrigation	25.00	300.00
Electrical	300.00	3,600.00
Grounds Contract	1,100.00	13,200.00
Parking Contract	550.00	6,600.00
Equipment Repair	100.00	1,200.00
Supplies & Equipment	250.00	3,000.00
Custodial	500.00	6,000.00
<b>Management</b>		
Administrative Supplies	25.00	300.00
Audit/Tax Fees	100.00	1,200.00
Management Fee	1,875.00	22,500.00
Management Reimbursable Expenses	125.00	1,500.00
Site Manager	1,500.00	18,000.00
Other	100.00	1,200.00
<b>Insurance</b>		
Property	6,280.00	75,360.00
General Liability	585.00	7,020.00
Umbrella	285.00	3,420.00
Directors & Officers Liability	131.00	1,572.00
Fidelity Bond	39.00	468.00
GET Tax	10.00	120.00
Reserves (*)	6,000.00	72,000.00
<b>TOTAL</b>	<b>\$25,180.00</b>	<b>\$302,160.00</b>

I, Richard Emery, as agent and employed by Hawaii First Inc., the condominium managing agent for the Waiakea Village 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.



Dated: June 22, 2006

(\*) 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 "Reserve Fund", the Developer has 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.

#### **EXPLANATION REGARDING RESERVES**

A reserve study (per §514A-83.6, HRS and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules) has not yet been conducted. The maintenance fees and "Reserve Fund" figure in this Exhibit "D" are estimates only based upon information obtained by Hotels in Paradise, Inc., and are subject to change at any time.

# WAIAKEA VILLAGE

## EXHIBIT "E"

### SUMMARY OF RESERVATION AGREEMENT

The specimen Reservation Agreement provides that upon the purchaser's payment of a deposit into an escrow account established by Developer with Fidelity National Title & Escrow of Hawaii, Inc. ("Escrow"), a designated Suite is reserved for the purchaser up until seven (7) days from the date of delivery of the sales contract to purchase the Suite. Unless a sales contract for the Suite is executed by purchaser seven (7) days from the date of delivery of the sales contract, the Reservation Agreement terminates and expires. If the purchaser enters into a sales contract for the purchase of a Suite, then the deposit may be applied towards the deposit required under the sales contract. The Reservation Agreement does not establish a purchase price for any Suite in the Project.

Either purchaser or Developer may terminate the Reservation Agreement at any time, for any reason. Purchaser may terminate the Reservation Agreement by mailing or faxing notice of such termination to Developer. If the Reservation Agreement is terminated or expires, Escrow will promptly return the deposit to purchaser.

The purchaser will not earn or receive any interest on any funds deposited with Escrow. Developer has entered into an Escrow Agreement with Escrow covering the deposit with Escrow of all funds paid by the purchaser under the Reservation Agreement and the disbursement of the funds from Escrow.

The purchaser may not assign, convey or otherwise transfer all or any portion of its interest under the Reservation Agreement, without Developer's prior written consent.

**It is incumbent upon a prospective buyer to read the full text of the Reservation Agreement.**

END OF EXHIBIT "E"

## WAIAKEA VILLAGE

### EXHIBIT "F"

#### SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

A copy of the executed Condominium Escrow Agreement dated March 16, 2006, between Fidelity National Title & Escrow of Hawaii, Inc., as Escrow Agent, and Developer, has been filed with the Commission. The Escrow Agreement provides for the deposit of buyer's funds pursuant to the Reservation Agreement and/or Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides, in part, that any interest earned on money on deposit may be retained by the Developer unless the Sales Contract directs otherwise. In the event that the Sales Contract and Chapter 514A, Hawaii Revised Statutes entitle a buyer to a refund of buyer's deposits held by the Escrow Agent, then Escrow Agent, upon instruction from Developer, will refund buyer's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

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

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

**END OF EXHIBIT "F"**

# WAIAKEA VILLAGE

## EXHIBIT "G"

### COMMON INTERESTS

<b>Unit No.</b>	<b>Common Interest</b>
11 A/B	.0129164
11C	.0129164
11D	.0282256
12A	.0515238
13D	.0081919
13E	.0100574
14A	.0298477
15A	.0210475
16A	.0201959
16A2/1	.0077255
16A2/B	.0099154
16A2/C	.0054951
16B	.0161810
16C	.0061642
16D	.0134234
16E	.0467790
17A	.0283269
17A2	.0294422
18A	.0220411
18B	.0068333
19A1	.0229941
19A2	.0335787
19B	.0119431
20B1/B2	.0143561
20C/D/E	.0572825
21A	.0214125
21B	.0274550
22A	.0198512
22B	.0633656
22C	.1542876
22D	.1044873
22E	.0817365
	<b>TOTAL: .</b>

**END OF EXHIBIT "G"**