DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	BALI HAI VILLAS, PHASE XV (INCREMENT 14, BUILDING 14)
Project Address	4970 Pepelani Loop Princeville, Kauai, Hawaii 96722
Registration Number	6726
Effective Date of Report	November 20, 2008
Developer(s)	Bali Hai Villas Ltd. Partnership

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

SPECIAL NOTICE:

1. The Developer has completed the construction of all of the sixteen (16) units in Building 14 of the Project. The Affidavit of the Owner's Notice of Completion was filed on September 15, 2008 (ad published on September 6, 2008 and September 13, 2008) for Building 14, Increment 14 in the Circuit Court of the Fifth Circuit, State of Hawaii.

2. This Project is only one phase of a larger project that may be developed. Each project that is developed will be subsequently merged with the previously constructed projects and phases. This Project will be merged with an adjacent project known as Bali Hai Villas, which is a merger of Bali Hai Villas (Phase I, Phase II, Phase III, Phase IV, Phase V, Phase VI, Phase VII, Phase VIII, Phase IX, Phase X, Phase XI, Phase XII and Phase XIII). Phase I has one building identified as Building 3 containing 14 apartments (Increment 3). Phase II has two buildings identified as Building 4, containing 16 apartments (Increment 4) and Building 20 containing 1 apartment (Increment 20). Phase III has one building identified as Building 1, containing 16 apartments (Increment 1). Phase IV has one building identified as Building 2, containing 16 apartments (Increment 2). Phase V has one building identified as Building 8, containing 12 apartments (Increment 8). Phase VI has one building identified as Building 9, containing 15 apartments (Increment 9). Phase VII has one building identified as Building 10, containing 14 apartments (Increment 10). Phase VIII has one building identified as Building 11, containing 14 apartments (Increment 11). Phase IX has one building identified as Building 5 containing 16 apartments (Increment 5). Phase X has 2 buildings identified as Buildings 6 and 7 containing 28 apartments (Increments 6 and 7), Phase XI has 2 buildings identified as Buildings 12 and 13, containing 26 apartments (Increments 12 and 13). Phase XII has 3 buildings identified as Buildings 17 and 18, containing 32 apartments, and a garage/storage building in Increment 17 (Increments 17 and 18). Phase XIII has 1 building identified as Building 16, containing 14 apartments (Increment 16). Phase XIV has 1 building identified as Building 15, containing 16 apartments (Increment 15).

See Exhibit "A" for additional information. A Final Public Report for Bali Hai Villas, Phase I was issued under Registration No. 2399, Phase II under Registration No. 3699, Phase III was issued under Registration No. 4036, Phase IV was issued under Registration No. 4257, Phase V was issued under Registration No. 4539, and Phase VI was issued under Registration No. 4788, Phase VII was issued under Registration No. 5070, Phase VIII was issued under Registration No. 5611,Phase IX was issued under Registration No. 5867, Phase X was issued under Registration No. 6045, Phase XI was issued under Registration No. 6449, Phase XII was issued under Registration No. 6568, Phase XIII was issued under Registration No. 6584 and Phase XIV was registered under Registration No. 6647. All Projects are subject to a Master Declaration for Phased and Incremental Development, as amended. The foregoing Phases were all registered under Chapter 514A, Hawaii Revised Statutes, with the exception of Phases XI, XII, XIII and XIV which were registered under Chapter 514B, Hawaii Revised Statutes. This Project is being registered under Chapter 514B, Hawaii Revised Statutes. See Exhibit "A" for additional disclosures concerning the Master Declaration, as amended.

3. A Declaration of Annexation submitting all of the units in Building 14 to a time share plan has or will be recorded at the Bureau of Conveyances. The time share plan was created by a Declaration of Covenants, Conditions and Restrictions for Pahio at Bali Hai Villas. See page 18 of this Public Report for additional disclosures. It is intended that all units in this Phase XV will be sold on a time share basis.

4. The tax map key for the Project is TMK (4) 5-4-05:36.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒Fee Simple ☐Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒Yes ☐No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	4970 Pepelani Loop Princeville, Kauai, Hawaii 96722
Address of Project is expected to change because	
Tax Map Key (TMK)	(4) 5-4-05: 36
Tax Map Key is expected to change because	Addition of CPR Nos.
Land Area	23.297 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not Applicable

1.2 Buildings and Other Improvements

Number of Buildings	1
Floors Per Building	2
Number of New Building(s)	1
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	concrete, hollow tile, wood and other allied building materials.

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
B	8	2/2	1003	110	lanai	1113
C	4	2/2	997	110	lanai	1107
D	4	3/3	1397	271	lanai	1668
See Exhibit _____ .						

16	**Total Number of Units**

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	22 (in this Phase)
Number of Guest Stalls in the Project:	
Number of Parking Stalls Assigned to Each Unit:	1 (at least)
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. See Exhibit "C" for further information about the parking stalls.	

1.5 Boundaries of the Units

Boundaries of the unit:

The unit shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, interior walls including all load bearing walls, ceilings, entry and exit doors, lanais, lanai railings, lanai walls, entry deck or floors.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):

The common elements and easements appurtenant to each unit shall have a permanent character and shall not be altered without the consent of all unit owners affected.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit D .

As follows:

1.8 Recreational and Other Common Facilities (Check if applicable):

✓	Swimming pool
	Laundry Area
	Storage Area
✓	Tennis Court
	Recreation Area
	Trash Chute/Enclosure(s)
	Exercise Room
	Security Gate
	Playground
✓	Other (describe): Clubhouse (located in prior Phase)

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.
Described in Exhibit C .
Described as follows:

Common Element	Number
Elevators	0
Stairways	9
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit C .
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
☑	Pets: None permitted unless approved by the Board of Directors
☐	Number of Occupants:
☐	Other:
☐	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit E describes the encumbrances against title contained in the title report described below.
Date of the title report: November 5, 2008
Company that issued the title report: Hawaii Escrow & Title, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning						
	Type of Use	No. of Units	Use Permitted by Zoning			Zoning
✓	Residential		✓	Yes	No	R-15
	Commercial			Yes	No	
	Mix Residential/Commercial			Yes	No	
	Hotel			Yes	No	
✓	Timeshare	16	✓	Yes	No	R-15
	Ohana			Yes	No	
	Industrial			Yes	No	
	Agricultural			Yes	No	
	Recreational			Yes	No	
	Other(specify)			Yes	No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			✓	Yes	No	
Variances to zoning code have been granted.				Yes	✓ No	
Describe any variances that have been granted to zoning code.						

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.

A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.

	Conforming	Non-Conforming	Illegal
Uses	✓		
Structures	✓		
Lot	✓		

If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☐ **Applicable** ☑ **Not Applicable**
Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations: None	
Estimated cost of curing any violations described above: None	

Verified Statement from a County Official
Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either: (A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; or (B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.
Other disclosures and information:

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? **If answer is "Yes", provide information below.**	☐ **Yes** ☑ **No**
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? ☐ Yes ☐ No If the answer is "No", provide explanation.	
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? ☐ Yes ☐ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? **If answer is "Yes", complete information below.**	☐ **Yes** ☑ **No**
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Bali Hai Villas Ltd. Partnership Business Address: 3970 Wyllie Road, Princeville Kauai, Hawaii 96722 Business Phone Number: (808) 826-6549 E-mail Address:
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	Bali Hai Villas, Inc., General Partner David E. Waltes, President 3970 Wyllie Road, Princeville, Kauai, Hawaii 96722
2.2 Real Estate Broker	Name: Pahio Vacation Ownership, Inc. Business Address: 3970 Wyllie Road Princeville, Kauai, Hawaii 96722 Business Phone Number: (808) 826-6549 E-mail Address:
2.3 Escrow Depository	Name: Hawaii Escrow & Title, Inc. Business Address: 700 Bishop Street, Suite 1600 Honolulu, Hawaii 96813 Business Phone Number: (808) 532-2977
2.4 General Contractor	Name: Pahio Construction, Inc. Business Address: 3970 Wyllie Road Princeville, Kauai, Hawaii 96722 Business Phone Number: (808) 826-6549
2.5 Condominium Managing Agent	Name: Pahio Resorts, Inc. Business Address: 3970 Wyllie Road Princeville, Kauai, Hawaii 96722 Business Phone Number: (808) 826-6549
2.6 Attorney for Developer	Name: Michael H. Sakai Business Address: 201 Merchant Street, Suite 902 Honolulu, Hawaii 96813 Business Phone Number: (808) 531-4171

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 7, 2008	2008-166057

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 4, 2008	2008-175804

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 7, 2008	2008-166058

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.	
Land Court Map Number	
Bureau of Conveyances Map Number	4731
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.			
The House Rules for this project:			
Are Proposed		☐	
Have Been Adopted and Date of Adoption		☑	September 18, 1995
Developer does not plan to adopt House Rules		☐	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☑	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows: A summary of the reserved rights are as follows (references are to paragraphs in the Declaration): Par. 17.0, 20.0 and 21.0. Developer reserved the right to amend Declaration, Bylaws or Condominium Map in order to correct any typographical or grammatical error, or to comply with State, Federal, or local law, or any requirements of a financial institution and title insurers. (See Par. 20.0 of Declaration). Developer also has the right to further develop additional projects and Increments and to subsequently merge them into this Project and to also merge it with former projects. (See Par. 21.0 of Declaration)

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit 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.

The Initial Condominium Managing Agent for this project is (check one):		
	✓	Not affiliated with the Developer
		None (self-managed by the Association)
		The Developer or an affiliate of the Developer
		Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit F___ contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:		
	✓	Electricity for the common elements
	✓	Gas for the common elements
	✓	Water
	✓	Sewer
	✓	TV cable
	✓	Other (specify) refuse collection

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:		
		Electricity for the Unit only
		Gas for the Unit only
		Water
		Sewer
		TV cable
		Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
☑	Specimen Sales Contract Exhibit G contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☑	Escrow Agreement dated: October 28, 2008 Name of Escrow Company: Hawaii Escrow & Title, Inc. Exhibit H contains a summary of the pertinent provisions of the escrow agreement.
☐	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

☐	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☐	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____.
☐	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.	
☑	There are no blanket liens affecting title to the individual units.
☐	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: One year after substantial completion of a unit.
Appliances: The Developer is not giving any express or implied warranties for the Appliances.

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: Completed in September, 2008
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

☑	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Section 5.6.2, which follows below, will not be applicable to the project.

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
☐	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
☐	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

Box A ☐	The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.**
Box B ☐	The Developer has **not** submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits. If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the **Important Notice Regarding Your Deposits** set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment**. (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report. You should understand that, although the **Important Notice Regarding Your Deposits** set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	**Developer's Public Report**
2.	**Declaration of Condominium Property Regime (and any amendments)**
3.	**Bylaws of the Association of Unit Owners (and any amendments)**
4.	**Condominium Map (and any amendments)**
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:
Master Declaration for Phased Development for Bali Hai Villas dated October 19, 1994, as amended.	

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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of $250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of $250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. Parking. The 16 units will each have the use of at least one parking stall. The unit will have the use of not less than 1 stall which will not be assigned at this time. The Association of Apartments (Unit) Owners or Managing Agent for the Project may assign parking stalls. See Exhibit "C". There are 22 parking stalls located on Increment 14 and upon the merger of this Project with prior projects, these stalls may be available for the use by the other increments or phases of the Bali Hai Villas development and the units in this Project will have the use of the parking stalls located in the other increments.

2. Time Share Plan. The Developer of the Project has established a time share plan ("Interval Plan") by a Declaration of Covenants, Conditions and Restrictions for Pahio at Bali Hai Villas. All 16 units in the Project are or will be annexed and committed to that time share plan or another time share plan. The Developer has obtained a registration for the Interval Plan from the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with Chapter 514E, Hawaii Revised Statutes, under Reg. No. TD-125. For information relating to the Interval Plan, a purchaser should review the "Disclosure Statement" for the Plan(s).

3. Master Declaration. This Project and the entire Bali Hai Villas development is subject to the terms of a Master Declaration for Phased and Incremental Development dated October 19, 1994 (recorded as Document No. 94-180535), as amended. The Master Declaration allows the Developer to develop and finance the Project in phases and/or increments and to subsequently merge them into one project. See Exhibit "A" for further information.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

BALI HAI VILLAS LTD. PARTNERSHIP
Printed Name of Developer

By: _____ November 6, 2008
Duly Authorized Signatory* Date

DAVID W. WALTERS, President
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, Island and County of Kauai

Planning Department, Island and County of Kauai

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT "A"

Reservations In Favor of Developer

REDESIGNATION OF COMMON INTEREST; FUTURE DEVELOPMENT. The Developer has reserved the right to redesignate the common interest appurtenant to an apartment in the event additional apartments are constructed and Increments are developed. If additional apartments are constructed, the undivided interest (with slight adjustments to bring the total to 100%) which is appurtenant to an apartment shall decrease.

OPTIONS TO DELETE UNDEVELOPED LAND. Notwithstanding the conveyance of any apartment or anything to the contrary in the Declaration, the Bylaws, the Condominium Map, any Sales Contract, conveyance document, or any other document or instrument, if the Developer does not exercise its right to complete the additional phases and Increments of the Project, then the Developer or its mortgagee (if any), as successor in interest to the Developer, either by foreclosure or deed in lieu of foreclosure, including any third party that is the successful purchaser at any foreclosure auction (the "Succeeding Mortgagee"), of the undeveloped land on which the remaining phases of the Project were to be situated and any of the common elements that were to be located (the "Undeveloped Land") shall have the right, at its option, to delete the Undeveloped Land and remove any common elements that was to be situated on or within the Undeveloped Land of the Project by withdrawing from the Project any or all of the Undeveloped Land and any common elements thereon (including but not limited to a swimming pool and landscaping) pursuant to Section 514A-11(12) and/or 514B-33(a)(12) of the Condominium Act (the "Withdrawn Land"). This option and right may be exercised by the Developer or the Succeeding Mortgagee, at any time during the ten-year period following the date of recordation of the Declaration. The Developer would withdraw the land on the following terms and conditions:

(a) The outer boundaries of the Withdrawn Land would conform to the boundaries of any surrounding developed Phases, as set forth on the Condominium Map, subject to adjustments where necessary to meet building setback requirements imposed as a condition to subdivision of the Withdrawn Land and other county or engineering requirements or adjustments;

(b) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would use its best efforts to cause the Withdrawn Land to be subdivided from the remainder of the Project at its sole cost and expense, and shall promptly execute and file any subdivision applications and other documents which are necessary or appropriate in connection with the subdivision of the Withdrawn Land from the remainder of the Project;

(c) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the Withdrawn Land, including but not limited to, easements and/or rights-of-ways for pedestrian and vehicular access, utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements;

(d) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would give each apartment owner and lienholder at least thirty (30) days prior written notice of its intention to withdraw the Withdrawn Land;

(e) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would, at its own expense and without being required to obtain the consent or joinder of any apartment owner or lienholder, execute and file an amendment to the Declaration and the Condominium Map: (i) to delete the Withdrawn Land and any common elements situated within the Withdrawn Land from the Project, (ii) to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the Withdrawn Land, including but not limited to, easements and/or rights-of-way for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements; (iii) to delete the apartments, common elements and limited common elements that were to be built on the Withdrawn Land from the project; (iv) to adjust the common interests appurtenant to the apartments of the Project to reflect the elimination of the apartments in the phases that were to be built on the Withdrawn Land from the Project; (v) to cancel all easements over the Withdrawn Land in favor of apartments in the Project; and (vi) to release all owners of any interest in the Withdrawn Land from any and all obligations and liabilities of the Project, including, without limitation, the obligation to pay common expenses and the lien securing the payment of such expenses.

(f) The withdrawal would become effective upon the approval of the subdivision by the County of Kauai Planning Department and the filing with the Bureau of Conveyances of the State of Hawaii of an amendment to the Declaration and Condominium Map noting such withdrawal and setting forth a description of the Withdrawn Land.

(g) No withdrawal would be permitted if it requires the alteration or destruction of any constructed apartment.

(h) All rights of apartment owners shall be subject to the Developer and Succeeding Mortgagee's rights to require withdrawal of the Withdrawn Land as set forth in the Declaration, and the acceptance of ownership of an apartment in the Project shall constitute an acceptance of such right.

POWER OF ATTORNEY - DELETION OF LAND. In furtherance of the rights and powers reserved to the Developer and its successor in interest, each apartment owner and the Association of Apartment Owners will by virtue of accepting a conveyance of an apartment designate the Developer and/or its successor in interest (including the Succeeding Mortgagee) as his attorney-in-fact, with power of substitution, to execute any and all applications for subdivision, amendments to the Declaration, the Bylaws, and the Condominium Map, deeds in lieu of foreclosure, easement agreements and any other documents of whatsoever nature necessary or appropriate to effect the withdrawal of any or all of the Undeveloped Land from the Project and any subsequent conveyance or transfer of such Withdrawn Land. The execution of this Declaration or acceptance of ownership of an apartment in the Project shall constitute a grant of such power, and such grant, being coupled with the interest of the Developer and/or its successor in interest as herein reserved, shall be irrevocable.

EXHIBIT "B"

Description of Units

The units in the Project consist of three types of units:

A. Two-bedroom Type B Units. There are eight (8) separately designated and described freehold estates. Each of the two-bedroom type B units consists of 2 bedrooms, 2 bathrooms, a kitchen, living room, dining area, and one lanai. The net living area of the two bedroom type B unit is approximately 1,003 square feet (gross of 1,053 square feet) and the net area of the lanai is approximately 110 square feet (total of 1,113 square feet). The type B units are 1411, 1414, 1415, 1416, 1421, 1424, 1425 and 1426.

B. Two-bedroom Type C Units. There are four (4) separately designated and described freehold estates. Each of the two-bedroom type C units consists of 2 bedrooms, 2 bathrooms, a kitchen, living room, dining area, and one lanai. The net living area of the two bedroom type C unit is approximately 997 square feet (gross of 1,047) and the net area of the lanai is approximately 110 square feet (total of 1,107 square feet). The type C units are 1412, 1413, 1422 and 1423.

C. Three-bedroom Type D Units. There are four (4) separately designated and described freehold estates. Each of the three-bedroom type D units consists of 3 bedrooms, 3 bathrooms, a kitchen, living room, dining area and one lanai. The net living area of the three bedroom type D unit is approximately 1,397 square feet (gross total of 1,459 square feet) and the net area of the lanai is approximately 271 square feet (total of 1,668 square feet). The type D units are 1410, 1417, 1420 and 1427.

D. Floor Area. The floor area of a unit is the net living area and is measured from the interior surface of the unit's perimeter walls.

E. Interior Improvements. Declarant reserves the right to up-grade the interior features of a unit such as plumbing fixtures, cabinets, countertops, flooring and other features. None of these features will affect the basic floor plan of a unit. The Declarant also reserves the right to name these type of up-graded units.

EXHIBIT "C"

Common Elements

The common elements of the Project include:

a. The land in fee simple.

b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, interior bearing walls, roofs, entry landings, entry and exit doors, unfinished surfaces of lanais and lanai railings, windows, stairways of the units and building.

c. The yards, landscaping, including the open parking stalls which are not appurtenant or assigned to a unit, and all of the landscaped yards and lawns.

d. The central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project.

e. All licenses, leases, or contractual arrangements that the Association enters into for the purpose of providing parking, recreational amenities, including but not limited to swimming pools, tennis courts, meeting rooms, clubhouses, and management facilities for the use or benefit of the unit owners, their tenants and/or guest, if any.

f. Any limited common elements that by the terms hereof shall become common elements.

g. Any improvements placed on the grounds pursuant to a reservation in favor of the Declarant such as landscaping and parking.

h. Any and all other structures, apparatus and installations of common use, and all other parts of the Project necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use.

Limited Common Elements

The limited common elements of the Project and the restrictions affecting them are as follows:

a. Building 14. The land area delineated as Increment 14 on the Condominium Map is a limited common element for the units contained in Building 14 and is for the exclusive use of the units contained in Building 14.

b. Redesignation of Limited Common Elements as Common Elements. Notwithstanding any term or provision contained herein to the contrary, upon the recording of an "As Built" architect's or engineer's certificate for the building in Increment 14 and the Project including any subsequent Increment, the land area contained in such Increment 14 shall be deemed to be common elements of the Project.

c. Parking. Each unit in the Project shall have the use of at least one parking stall, which have not been assigned at this time. There are 22 open paved stalls (11 are regular stalls, and 11 are compact stalls). Parking stall assignments may be made by the Managing Agent for the Project or by the Association of Unit Owners. Some of these stalls may be used for other Increments in this development. The Association of Unit Owners or Managing Agent for the Project may adopt rules for the purpose of assigning parking stalls, which rules, if any, shall attempt to minimize the distance between an assigned parking stall and the unit to which it is assigned. The Association of Unit Owners may also number the parking stalls. The location of the parking stalls are set forth in the Condominium Map.

EXHIBIT "D"

Common Interest

Phase	Unit Type	No.	%	Total
XV	2-Bedroom Type B/C units	12	5.5539%	66.6468%
	3-Bedroom Type D units	4	8.3383%	33.3532%
				100.0000%

The percentage undivided interest for the units is calculated by dividing a unit's net living area (including the lanai) by the sum of all the net living areas of all the units that have been or will be constructed for this Project and by allocating the same percentage interest to each of the 2 bedroom units (Type B and C units) with a minor adjustment to bring the total percentage to 100%. The percentage common interest is subject to change.

The Developer at its sole option when developing an Increment may obtain financing and separately encumber the units and appurtenant interest in the common elements for each Increment.

DELETION OF UNDEVELOPED INCREMENTS. In the event that no further Increments are undertaken by the Developer, the Developer and/or its mortgagee, as successor in interest to the Developer, may delete the undeveloped Increments pursuant to Section 514A-11(12) and/or 514B-33(a)(12) of the Act in accordance with the limited common area lines as set forth in the Condominium Map subject to boundary adjustments where necessary to meet building setback requirements and where a phase is not located with direct access to the roadway a perpetual easement shall be granted in favor of the inner phase for ingress and egress over the walkways, driveways, and grounds over the Project.

EXHIBIT "E"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration, dated March 1, 1971, recorded in the Bureau of Conveyances, State of Hawaii, in Book 7444, Page 93. (Affects Lot 2-D)

Said Declaration was amended by instrument dated September 11, 1979, recorded in said Bureau, in Book 14006, Page 695.

3. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across Lot 2-D.

4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration, dated December 11, 1981, recorded in said Bureau, in Book 16048, Page 276. (Affects Lot 2-D)

5. Open District as shown on Survey Map of Wagner Engineering dated November 13, 1991. (Affects Lot 2-D)

6. An easement in favor of Princeville at Hanalei Community Association, dated November 12, 1987, for drainage purposes over Easement "D-2", recorded in said Bureau, in Book 21516, Page 321. (Affects Lot 2-D)

7. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across Lot 2-D, besides other land, containing an area of 22,284 square feet, more or less, more particularly described in instrument recorded in said Bureau, in Book 14006, Page 699.

8. A right of entry in favor of Citizens Utilities Company, a Delaware corporation, for right of entry into the herein describe property, dated June 26, 1991, recorded in said Bureau, as Document No. 92-031765.

9. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Master Declaration for Phased and Incremental Development Bali Hai Villas dated October 19, 1994, made by Bali Hai Villas Ltd. Partnership, a Hawaii limited partnership, recorded in said Bureau, as Document No. 94-180535.

First Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated March 20, 1995, recorded in said Bureau, as Document No. 95-040947.

Second Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated August 10, 1995, recorded in said Bureau, as Document No. 95-107667.

Third Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated May 26, 2004, recorded in said Bureau, as Document No. 2004-200786.

Fourth Amendment to Master Declaration for Phased and Incremental Development Bali Hai Villas, dated March 15, 2006, recorded in said Bureau, as Document No. 2006-054580.

10. Matters as shown on Condominium Map Nos. 2176, 2366, 2801, 2972, 3202, 3360, 3551, 3921, 4116, 4244, 4515, 4591, 4599, 4662 and 4731, filed in the Bureau of Conveyances.

11. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime dated October 19, 1994, recorded in said Bureau, as Document No. 94-209497 (Phase I, Increment 3).

First Amendment to the Declaration of Condominium Property Regime Bali Hai Villas, Phase I, dated August 10, 1995, recorded as Document No. 95-107668.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, Phases I and II (1st Merger), dated October 17, 1997, recorded as Document No. 97-165979 (now known as "Bali Hai Villas").

Second Amendment to the Declaration of Condominium Property Regime Bali Hai Villas, Phases I and II, dated July 27, 1998, recorded as Document No. 98-115874.

12. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase I, dated October 19, 1994, recorded as Document No. 94-209498.

First Amendment to By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phases I and II, dated July 27, 1998, recorded as Document No. 98-115875.

13. Waiver and Release dated February 23, 1995, recorded in said Bureau, as Document No. 95-026634 (re: Water Services).

14. Waiver and Release dated October 19, 1995, recorded as Document No. 95-143502 (Re: Water Services).

15. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime dated March 2, 1996, recorded as Document No. 96-30516 (Phase II, Increment 4 and 20).

Said Declaration was amended by instrument dated November 5, 1996, recorded as Document No. 97-005820.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, Phase I and II (1st Merger), dated October 17, 1997, recorded as Document No. 97-165979 (now known as "Bali Hai Villas")

Second Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, Phases I and II, dated July 27, 1998, recorded in said Bureau, as Document No. 98-115874.

16. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase II, dated March 1, 1996, recorded as Document No. 96-030517.

17. Waiver and Release dated May 3, 1996, recorded as Document No. 96-069817 (affects Increment 4).

18. Waiver and Release dated June 14, 1996, recorded as Document No. 96-092600 (re: Water Services - Cabana for Swimming Pool).

19. Waiver and Release dated July 5, 1996, recorded as Document No. 96-101381 (re: Water Services - affects Bldgs. 1, 2 and 5).

20. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor dated June 3, 1996, recorded as Document No. 96-120601 (affects Increment 4).

21. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor dated June 5, 1996, recorded as Document No. 96-120602 (affects Increment 4).

22. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor dated August 22, 1996, recorded as Document No. 96-120603 (affects Increment 4).

23. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor dated June 14, 1996, recorded as Document No. 96-120604 (affects Increment 4).

24. Release and Waiver of Lien, Covenant Not to Sue and Indemnity (Sub-Contractor dated August 9, 1996, recorded as Document No. 96-140773.

25. Declaration of Covenants, Conditions and Restrictions (New Clubhouse and Housekeeping) dated November 20, 1997, recorded as Document No. 97-165985.

26. Grant of Easement (Clubhouse and Housekeeping), dated November 20, 1997, recorded as Document No. 97-165987 (affects Commercial Apartment No. 20).

27. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated September 23, 1998, recorded as Document No. 98-145894 (Phase III, Increment I).

Said Declaration was amended by instrument dated October 13, 1998, recorded as Document No. 98-156843.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases I, II and III (2nd Merger) dated January 8, 1999, recorded as Document No. 99-007124.

28. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase II, dated September 23, 1998, recorded as Document No. 98-145895.

29. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated September 7, 1999, recorded as Document No. 99-152058 (Phase IV, Increment 2, Building 2).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases IV (3nd Merger) dated November 30, 1999, recorded as Document No. 99-192751.

30. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase IV, dated September 7, 1999, recorded as Document No. 99-152059.

31. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated December 4, 2000, recorded as Document No. 2000-181959 (Phase V, Increment 8, Building 8).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases V (4th Merger) dated December 22, 2000, recorded as Document No. 2001-000369.

32. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase V, dated December 4, 2000, recorded as Document No. 2000-181960.

33. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated October 8, 2001, recorded as Document No. 2001-173564 (Phase VI, Increment 9, Building 9).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases VI (5th Merger) dated January 28, 2002, recorded as Document No. 2002-018908.

34. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase VI, dated October 8, 2001, recorded as Document No. 2001-173565.

35. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated March 15, 2003, recorded as Document No. 2003-062585 (Phase VII, Increment 10, Building 10).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases VII (6th Merger) dated January 6, 2004, recorded as Document No. 2004-008426.

36. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase VII, dated March 15, 2003, recorded as Document No. 2003-062586.

37. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property

Regime, dated November 3, 2004, recorded as Document No. 2005-012302 (Phase VIII, Increment 11, Building 11).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phases VIII (7th Merger) dated April 11, 2005, recorded as Document No. 2005-075135.

38. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase VIII, dated November 3, 2004, recorded as Document No. 2005-012303.

39. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated October 24, 2005, recorded as Document No. 2005-234162 (Phase IX, Increment 5, Building 5).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase IX (8th Merger) dated October 24, 2005, recorded as Document No. 2006-011893.

40. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase IX, dated October 24, 2005, recorded as Document No. 2005-234163.

41. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated April 21, 2006, recorded as Document No. 2006-105680 (Phase X, Increments 6 and 7, Buildings 6 and 7).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase X (9th Merger) dated April 21, 2006, recorded as Document No. 2006-127016.

42. By-Laws of the Association of Apartment Owners of Bali Hai Villas, Phase X, dated April 21, 2006, recorded as Document No. 2006-105681.

43. Assignment and Assumption of Assignor's Reserved Time Share Developer's Rights dated July 20, 2006, recorded in said Bureau, as Document No. 2006-132913 (Affects Apt. Nos. 513 and 523).

44. Assignment and Assumption of Assignor's Reserved Marketing Rights dated November 20, 2006, recorded as Document No. 2006-214971.

45. Assignment and Assumption of Assignor's Reserved Time Share Developer's Rights dated May 29, 2007, recorded as Document No. 2007-098068.

46. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, recorded September 18, 2007, as Document No. 2007-166108 (Phase XI, Increments 12 and 13, Buildings 12 and 13).

Said Declaration was amended by instrument dated October 2, 2007, recorded in said Bureau, as Document No. 2007-175193.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase XI (10th Merger) dated October 17, 2007, recorded as Document No. 2007-184056.

47. Bylaws of the Association of Apartment Owners of Bali Hai Villas, Phase XI, dated April 20, 2007, recorded as Document No. 2007-166109.

Said Bylaws was amended and restated by instrument dated October 2, 2007, recorded in said Bureau, as Document No. 2007-175194.

48. Assignment and Assumption of Assignor's Reserved Time Share Developer's Rights dated October 18, 2007 recorded in said Bureau, as Document No. 2007-188067.

49. Assignment and Assumption of Assignor's Reserved Marketing Rights dated October 23, 2007, recorded as Document No. 2007-188068.

50. Assignment and Assumption of Assignor's Reserved Marketing Rights dated November 26, 2007, recorded as Document No. 2007-208312.

51. Assignment and Assumption of Assignor's Reserved Marketing Rights dated December 26, 2007, recorded as Document No. 2008-019847.

52. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, recorded November 28, 2007, as Document No. 2008-029194 (Phase XII, Increments 17 and 18, Buildings 17 and 18).

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase XII (11th Merger) dated November 29, 2007, recorded as Document No. 2008-030197.

53. Bylaws of the Association of Apartment Owners of Bali Hai Villas, Phase XII dated November 28, 2007, recorded as Document No. 2008-029195.

54. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, recorded January 14, 2008, as Document No. 2008-044558 (Phase XIII, Increment 16, Building 16). Together with Condominium Map No. 4599.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase XIII (12th Merger) dated March 31, 2008, recorded as Document No. 2008-058950.

55. Bylaws of the Association of Apartment Owners of Bali Hai Villas, Phase XIII dated January 14, 2008, recorded as Document No. 2008-044559.

56. Assignment and Assumption of Assignor's Reserved Marketing Rights dated March 25, 2008, recorded as Document No. 2008-052534.

57. Assignment and Assumption of Assignor's Reserved Marketing Rights dated April 22, 2008, recorded as Document No. 2008-065703.

58. Assignment and Assumption of Assignor's Reserved Marketing Rights dated April 22, 2008, recorded as Document No. 2008-065712.

59. Assignment and Assumption of Assignor's Reserved Marketing Rights dated April 28 2008, recorded as Document No. 2008-069442.

60. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated May 27, 2008, recorded as Document No. 2008-099614 (Phase XIV , Increment 15, Building 15). Together with Condominium Map No. 4662.

Amendment to Declaration of Condominium Property Regime Merger of Bali Hai Villas, with Phase XIV (13th Merger) dated May 27, 2008, recorded as Document No. 2008-128183.

61. Bylaws of the Association of Apartment Owners of Bali Hai Villas, Phase XIV dated May 27, 2008, recorded as Document No. 2008-099615.

62. Assignment and Assumption of Assignor's Reserved Marketing Rights dated June 23, 2008, recorded as Document No. 2008-105791.

63. Assignment and Assumption of Assignor's Reserved Marketing Rights dated July 9, 2008, recorded as Document No. 2008-110680.

64. Assignment and Assumption of Assignor's Reserved Marketing Rights dated July 15, 2008, recorded as Document No. 2008-115638.

65. Assignment and Assumption of Assignor's Reserved Marketing Rights dated August 19, 2008, recorded as Document No. 2008-136186.

66. Assignment and Assumption of Assignor's Reserved Marketing Rights dated August 29, 2008, recorded as Document No. 2008-139659.

67. Assignment and Assumption of Assignor's Reserved Marketing Rights dated September 12, 2008, recorded as Document No. 2008-146423.

68. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime, dated October 7, 2008, recorded as Document No. 2008-166057 (Phase XV , Increment 14, Building 14). Together with Condominium Map No. 4731.

69. Bylaws of the Association of Apartment Owners of Bali Hai Villas, Phase XV dated October 7, 2008, recorded as Document No. 2008-166058.

70. Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration and/or in said Apartment Deed, and/or as delineated on said Condominium Map.

71. For Real Property Taxes that may be due and owing reference is made to the Department of Taxation, County of Kauai.

EXHIBIT "F"

Estimate of Initial Maintenance Fees

Attached hereto is the most current maintenance fee budget for the units in this Phase XV. Also attached is the breakdown of the maintenance fees which are shown on a monthly basis and also annual basis (using a 51 week year). The overall budget includes prior phases. All of the units in this Phase XV will be sold on a time share basis. The Developer in accordance with Section 4.2 of this Public Report certifies that the attached was prepared in accordance with general accepted accounting principles. The obligation of when maintenance fee assessments will commence against a time share purchaser will be governed by the applicable time share documents relating to such interest. That obligation will be disclosed in a time share Disclosure Statement and/or in the purchase documents governing the sale of the time share interest.

BALI HAI VILLAS LTD. PARTNERSHIP,
a Hawaii Limited Partnership,

By Bali Hai Villas, Inc.
a Hawaii corporation
Its General Partner

By _____ Dated: November 6, 2008
DAVID E. WALTERS
Its President

Certifier

PAHIO DEVELOPMENT, INC.
Bali Hai Villas Developer Annexation
AOAO Maintenance Fee Budget Calculations
Addition of Building 14

(PDI BHV Maint Fee Annex Calculation 2008)

	Maintenance Fee Weekly Amt		
	3Bed/3Bth	2Bed/2Bth	Ali`i 2Bed/2Bth
Total AOAO Weekly Maint Fee	536.26	361.46	361.46
Listing of Units within Type	1410		1411
	1417		1412
	1420		1413
	1427		1414
			1415
			1416
			1421
			1422
			1423
			1424
			1425
			1426
Total Count	4	0	12

Apartment Numbers	Common Interest	12 Month	51 Year
1410	0.083383%	$ 2,279.11	$ 27,349.26
1411	0.055639%	$ 1,536.21	$ 18,434.46
1412	0.055639%	$ 1,536.21	$ 18,434.46
1413	0.055639%	$ 1,536.21	$ 18,434.46
1414	0.055639%	$ 1,536.21	$ 18,434.46
1415	0.055639%	$ 1,536.21	$ 18,434.46
1416	0.055639%	$ 1,536.21	$ 18,434.46
1417	0.083383%	$ 2,279.11	$ 27,349.26
1420	0.083383%	$ 2,279.11	$ 27,349.26
1421	0.055639%	$ 1,536.21	$ 18,434.46
1422	0.055639%	$ 1,536.21	$ 18,434.46
1423	0.055639%	$ 1,536.21	$ 18,434.46
1424	0.055639%	$ 1,536.21	$ 18,434.46
1425	0.055639%	$ 1,536.21	$ 18,434.46
1426	0.055639%	$ 1,536.21	$ 18,434.46
1427	0.083383%	$ 2,279.11	$ 27,349.26
TOTAL Approximately			$ 330,610.56

PÀHIO at Bali Hai Villas
2008 Maintenance Fee Budget

	TOTAL	Per Interval				
		3/3	2/2 Alii	2/2	1/2	1/1
		24	50	151	8	24
AOAO Budget (257 units)						
Housekeeping	226,608.87	24.68	16.52	16.51	13.28	12.93
Clubhouse Rent	47,775.84	5.21	3.48	3.48	2.80	2.73
Repair & Maintenance	253,156.56	27.58	18.46	18.44	14.84	14.45
Grounds & Landscaping	525,597.51	57.26	38.31	38.29	30.82	30.00
Trash Removal	154,159.95	16.79	11.24	11.23	9.04	8.80
Utilities - Fuel	24,742.86	2.70	1.81	1.80	1.45	1.41
Utilities - Water & Sewer	203,978.40	22.22	14.87	14.86	11.96	11.64
Utilities - Electricity	255,306.66	27.81	18.61	18.60	14.97	14.57
Cable Television	79,035.60	8.59	5.76	5.76	4.63	4.51
Real Estate & Property Taxes	1,292,266.74	140.78	94.20	94.14	75.77	73.76
Insurance	709,853.01	77.33	51.75	51.71	41.62	40.52
Management Fees	452,585.19	49.31	32.99	32.97	26.54	25.83
Audit & Tax Preparation	8,224.08	0.89	0.60	0.60	0.48	0.47
Accounting & Data Processing	86,647.11	9.44	6.32	6.31	5.08	4.95
Security Service	105,125.46	11.45	7.66	7.66	6.16	6.00
Interest Income	(22,377.81)	(2.44)	(1.63)	(1.63)	(1.31)	(1.28)
Professional Fees	1,921.50	0.21	0.14	0.14	0.11	0.11
Resort Management	90,837.42	9.89	6.62	6.62	5.32	5.18
Reserves	465,949.83	46.56	35.89	33.97	27.34	26.61
AOAO Budget Total	**4,961,394.78**	**536.26**	**363.60**	**361.46**	**290.90**	**283.19**

EXHIBIT "G"

Summary of Sales Contract

The Sales Contract (Deposit, Receipt Sales Contract) contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.

2. Identities the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.

3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:

a. substantially and materially impairs the use and enjoyment of the apartment;

b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;

c. renders unenforceable a purchasers' loan commitment;

d. increases the purchaser's share of common expenses or maintenance fees;

e. reduces the obligations of Developer of common expenses on unsold apartments.

5. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

6. Provides that the closing cost shall be paid as follows:

a. By Purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, pro-rated real property taxes, all escrow fees, drafting of apartment deed, conveyance taxes, and also a start fee for common expenses. and cost of any upgrades.

b. By Developer: Developer notary fees.

7. Provides the following remedies, in the event of default under the Sales Contract:

by Purchaser:

a. Developer may bring an action against purchaser for breach of contract;
b. Developer may retain initial deposit;
c. Purchaser shall be responsible for expenses incurred.

by Developer:

a. Purchaser may bring an action against Developer for breach of Contract;
b. Purchaser may bring an action to terminate contract and obtain refund of deposits;
c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

8. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

9. Contains provisions relating to the reserved rights in favor of the Developer which are also outlined in Exhibit "A" attached hereto.

10. Provides that purchaser accepts the following regarding claims involving the general contract:

Chapter 672E of the Hawaii Revised Statutes contains important requirements you must follow before you may file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your home or facility. Ninety days before you file your lawsuit or other

action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law, and failure to follow them may negatively affect your ability to file a lawsuit or other action.

The Sales Contract contains various other provisions which purchaser should become acquainted with. If there is a conflict between the terms of this Summary and the Sales Contract, the latter shall control.

EXHIBIT "H"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is HAWAII ESCROW AND TITLE CORP. Under the Escrow Agreement dated October 28, 2008, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is canceled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

If there is a conflict between the terms of this Summary and the Escrow Agreement, the latter shall control.