

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
HANAMAULU BEACH VILLAS
Hanamaulu, Kauai, Hawaii
with access from Kuhio Highway

REGISTRATION NO. 1280

This Report Is Not an Approval or Disapproval of This Condominium Project

It was prepared as a supplement to an earlier Report dated _____ issued by the Real Estate Commission on the above project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: August 28, 1980

Expires: May 11, 1981

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MARCH 27, 1980, AND INFORMATION SUBSEQUENTLY FILED AS OF AUGUST 27, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, AND SUBMITTING INFORMATION AND DATA REGARDING MATERIAL CHANGES IN THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report dated April 11, 1980, the Developer

reports that changes have been made in the information which was presented in the Preliminary Public Report.

2. This Supplementary Public Report is made a part of the registration of the HANAMAULU BEACH VILLAS condominium project. This Supplementary Public Report supersedes the Preliminary Public Report in its entirety. The Developer is responsible for placing a true copy of this Supplementary Public Report (pink paper stock) and the Disclosure Abstract in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt therefor. While the Preliminary Public Report is superseded in its entirety by this Supplementary Public Report, the Developer will provide a copy of the Preliminary Public Report to any purchaser upon written request.
3. HANAMAULU BEACH VILLAS is a fee simple condominium project consisting of one hundred fifty (150) residential apartment units in eight separate apartment buildings without basements, a total of two hundred twenty-five (225) parking stalls, a swimming pool, sauna, jacuzzi, four tennis courts, an administration building, and a lagoon, all in accordance with plans prepared by John Graham and Company, which have not yet been filed in the Bureau of Conveyances of the State of Hawaii.
4. The Developer has submitted to the Commission for examination all documents necessary for the issuance of this Supplementary Public Report.
5. No advertising or promotional matter has been submitted pursuant to Chapter 514A of the Hawaii Revised Statutes and the rules and regulations promulgated by the Commission.
6. The Developer advises that the Declaration of Horizontal Property Regime and By-Laws of Association of Apartment Owners have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.
7. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, the Horizontal Property Act and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
8. This Supplementary Public Report automatically expires on May 11, 1981, unless a Final Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: HANAMAULU BEACH VILLAS.

LOCATION: The project is located just north of Hanamaulu Bay on the eastern coast of the Island of Kauai, Hawaii. A

final subdivision map, prepared by Portugal, Ibara & Associates, Inc., is on file with the County of Kauai, indicating that the land for the Project consists of 13 acres and will include nonexclusive easement rights in common with others in other land for access, beach access and for sewer and other utility services.

TAX MAP KEY: FOURTH DIVISION 3-7-03 (Por. of 07).

ZONING: The property is zoned for 150-condominium units per Kauai County Ordinance No. PM-26-79, including an Exhibit A thereto which defines design guidelines for the Project.

DEVELOPER: Graham Beach Partners, a Hawaii registered limited partnership. The general partner of the Developer is Hasegawa Komuten (USA), Inc., Suite 1814 Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813. Phone: 536-0195.

ATTORNEY FOR DEVELOPER: Carlsmith, Carlsmith, Wichman and Case, 190 South King Street, Honolulu, Hawaii 96813 (Attention: Ray Iwamoto), Telephone 523-2500.

DESCRIPTION: The proposed Declaration provides that the land will be improved, according to the Developer's plans and intention to sell, with the construction of eight separate apartment buildings and two non-apartment buildings. The specimen Sales Contract states that the Developer intends to sell the apartments therein to third persons, and to grant to each purchaser of a condominium unit an apartment deed of such condominium unit and an undivided interest in the common elements of the Project, in fee simple.

A. Description of Access. The Project is accessible from Kuhio Highway by way of a 60-foot wide access road which is shared by other developments currently proposed or anticipated in the future and located adjacent to the Project. The access road is also open to the public for the purposes of gaining access to the beach by way of a beach access easement connecting from the access road.

The access road from Kuhio Highway will be constructed to county standards and landscaped.

B. Description of Project. The land, consisting of approximately 13 acres, is relatively flat varying in elevation from about 3 feet to 13 feet above sea level. The Project shall include a swimming pool, sauna and jacuzzi, four (4) tennis courts, an administration building, manager's office and a lagoon. The Project shall be landscaped.

C. Description of the Buildings.

1. Apartment Buildings. The project shall contain eight (8) separate apartment buildings constructed principally of concrete, glass, wood, and gypsum board. There shall be four (4) different and distinct apartment building types, designated as Types I, II, III, and IV. Apartment Building Types I and III shall each contain

eighteen (18) apartments. Each Type IV apartment building shall contain twelve (12) apartments, and each Type II apartment building shall contain twenty-four (24) apartments. All apartment buildings are three stories in height without basements.

The apartment buildings are arranged along an access drive and are clustered around the swimming pool area and a man-made lagoon (not connected to the ocean). The apartment buildings are designated consecutively from A through H, beginning with Building A at the entrance (Mauka side) to the property and ending with Building H at the beach (Lihue side).

2. Non-Apartment Buildings. The project shall include a pool house building containing a sauna and jacuzzi, and an administration building which shall contain the managing agent's office, and will include space for office, resort management and maintenance equipment. A tennis pro shop to be part of the administration building is also planned. These non-apartment buildings shall be one story buildings, without basement, and will contain no apartments.

3. Description of the Apartments. One hundred and fifty (150) separate condominium apartments are designated in the spaces within the perimeter and party walls, windows, doors, floors, and ceilings of each of the one hundred and fifty (150) apartment units (specifically including the appurtenant lanais) of the Project, distributed among the eight (8) apartment buildings in the Project as described above, which spaces together with appurtenant lanai air spaces are referred to as "apartments," and are designated on the Condominium Map and described as follows:

a. Apartment Numbers and Locations. The apartments are numbered from one (1) to twelve (12), from one (1) to eighteen (18), or from one (1) to twenty-four (24) within each apartment building, depending on apartment building type. The numbers are assigned in such a way that Apartment Number 1 in any building will always be the left-hand-most apartment on the first floor when facing the building from the entrance drive. The highest numbered apartment (Apartment Nos. 12, 18, or 24) in any building will always be the right-hand-most apartment on the third floor when facing the building from the entrance drive. Each building stairway services six (6) apartments and all apartment numbers are assigned so that when entering any stair at ground level, odd-numbered apartments will always be to the left and even-numbered apartments will always be to the right. The apartment numbers and locations are more fully illustrated on the Condominium Map.

b. Layout and Area of Individual Apartments.
Note: In accordance with local architectural practice, the approximate floor area of each apartment as set forth below includes all of the walls and partitions within its perimeter walls, the entirety of its perimeter nonparty walls, and the interior half of its perimeter party walls, whether load bearing or nonload bearing, and the appurtenant lanais. The

approximate area of the lanai(s) in each apartment as set forth below includes all the area of the lanai(s), and the entirety of its perimeter railing.

There shall be three basic apartment types designated as follows:

a. Apartment Type 2/2 which is a two bedroom/two bathroom apartment, with living room, multi-purpose area, kitchen, entry, exterior storage and three lanais.

b. Apartment Type 1/2 which is a one bedroom/two bathroom apartment, with living/dining room, kitchen, entry, exterior storage, and one lanai.

c. Apartment Type 1/1 which is a one bedroom/one bathroom apartment, with living/dining room, kitchen, entry, exterior storage, and one lanai.

The distinguishing characteristics between the apartments (designated by subtype 2/2-1, 2/2-2, 2/3-3..., 1/2-1, 1/2-2, 1/2-3, 1/2-4..., 1/1-1, 1/1-2, 1/1-3..., etc.) are as follows: (Note: All areas noted are approximate.)

<u>Apartment Type</u>	<u>Characteristics</u>	<u>Building and Apartment Numbers</u>	<u>Total Area</u>
2/2-1	Two bedrooms, two bathrooms, interior apartment, living area is 1185 square feet, patio lanai area (3 lanais) is 198 square feet, lanai storage area is 18 square feet, ground floor location.	A-7, A-8, B-2, B-7, B-8, B-13, C-7, C-8, D-7, D-8, D-13, D-14, E-7, E-8, F-7, F-8, G-7, G-8, G-13, G-14, H-2, H-7	1401
2/2-2	Same as 2/2-1 except located on the second floor and lanais are balcony type.	A-9, A-10, B-4, B-9, B-10, B-15, C-9, C-10, D-9, D-10, D-15, D-16, E-9, E-10, F-9, F-10, G-9, G-10, G-15, G-16, H-4, H-9	1401
2/2-3	Same as 2/2-1 except located on the third floor and lanais are balcony type.	A-11, A-12, B-6, B-11, B-12, B-17, C-11, C-12, D-11, D-12, D-17, D-18, E-11, E-12, F-11, F-12, G-11, G-12, G-17, G-18, H-6, H-11	1401
2/2-4	Two bedrooms, two bathrooms, end apartment, living area is 1197 square feet, patio lanai area (3 lanais) is 198 square feet, lanai storage area 18 square feet, ground floor location.	B-1, B-14, H-1, H-8	1413

2/2-5	Same as 2/2-4 except located on second floor and lanais are balcony type.	B-3, B-16, H-3, H-10	1413
2/2-6	Same as 2/2-4 except located on third floor and lanais are balcony type.	B-5, B-18, H-5, H-12	1413
1/2-1	One bedroom/two bathrooms, end apartment, living area is 810 square feet, patio lanai area is 140 square feet, lanai storage area is 18 square feet, ground floor location.	A-1, A-14, C-1, C-14, D-1, D-20, E-1, E-14, F-1, F-14, G-1, G-20	968
1/2-2	Same as 1/2-1 except located on the second floor and except lanais are balcony type.	A-3, A-16, C-3, C-16, D-3, D-22, E-3, E-16, F-3, F-16, G-3, G-22	968
1/2-3	Same as 1/2-1 except located on the third floor and except lanais are balcony type.	A-5, A-18, C-5, C-18, D-5, D-24, E-5, E-18, F-5, F-18, G-5, G-24	968
1/1-1	One bedroom/one bathroom, end apartment, living area is 684 square feet, patio lanai area is 101 square feet, lanai storage area is 18 square feet, ground floor location.	A-2, A-13, C-2, C-13, D-2, D-19, E-2, E-13, F-2, F-13, G-2, G-19	803
1/1-2	Same as 1/1-1 except located on the second floor and except lanais are balcony type.	A-4, A-15, C-4, C-15, D-4, D-21, E-4, E-15, F-4, F-15, G-4, G-21	803
1/1-3	Same as 1/1-1 except located on the third floor and lanais are balcony type.	A-6, A-17, C-6, C-17, D-6, D-23, E-6, E-17, F-6, F-17, G-6, G-23	803

c. Access to Common Elements. Each apartment has immediate access to the grounds of the Project or to a walkway or stairway leading to the grounds of the Project.

d. Other Data Identifying and Defining the Apartments. The apartments shall not be deemed to include: (i) the undecorated or unfinished surfaces of the perimeter (including party) walls, or interior load-bearing walls, (ii) the floors and ceilings surrounding each apartment, or (iii) any pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment, the same being common elements as hereinafter

provided. Each apartment shall be deemed to include: (i) any adjacent lanai to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such apartment which are utilized for and serve only that apartment, (iv) the inner decorated or finished surfaces of all walls, floors and ceilings, (v) any doors, windows or panels along the perimeters, and (vi) all fixtures originally installed in the apartment, including range with self-cleaning oven, hood, refrigerator/freezer with icemaker, garbage disposer, dishwasher, water heater, washer/dryer, carpets and drapes.

COMMON ELEMENTS: The proposed Declaration reflects that the common elements shall include the common elements described above under the topical heading "DESCRIPTION", the limited common elements set forth below, and all other portions of the Project other than the apartments specifically, but not limited to:

(a) The Land in fee simple as described in Exhibit A attached to the proposed Declaration.

(b) All unfinished, undecorated portions of all perimeter (including party) and load-bearing walls, all structural components, foundations, floor slabs, columns, girders, beams, supports, and roofs, halls, corridors, exterior stairs, stairways, entrances of apartment buildings, exits, and walkways of the apartment buildings.

(c) The pool house building for general use and the administration building for use as determined by the Board of Directors.

(d) All yards, grounds and landscaping, all refuse facilities, and trash collection areas.

(e) All internal roads, parking areas, driveways and walkways which are rationally of common use by owners of more than one apartment.

(f) All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

(g) The lagoon and lagoon areas.

(h) The swimming pool and tennis courts.

(i) The entirety of the fire sprinkler system, if any, including portions thereof installed within the various apartments.

(j) All 225 parking stalls as shown on the Condominium Map, which shall be available for general use by all

apartment owners, their tenants and guests and other Project occupiers and visitors.

(k) 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.

LIMITED COMMON ELEMENTS: There are no parts of the common elements designated in the Declaration as limited common elements.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage ownership in the common elements (the "Common Interest") appertaining to each apartment and its owner for all purposes including voting shall be as set forth in Exhibit A attached hereto. Each apartment and its appurtenant Common Interest shall be deeded to each purchaser by an Apartment Deed.

EASEMENTS: The proposed Declaration of Horizontal Property Regime provides that the apartments and common elements shall have and be subject to a number of easements including but not limited to the following which Purchaser should note:

1. The Developer reserves the right at any time to grant within the common elements, easements and rights of way over, across, and under the common elements for utilities, sanitary and storm sewers, cable television, and other public services and to relocate, realign or cancel the same provided that such easements, their use, relocations, realignment, or cancellation shall not materially impair or interfere with the use of any apartment.

2. The Developer, its successors, mortgagees and assigns shall have the right to conduct extensive sales activities in the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities as may be provided in any sales agreements between the Developer and the apartment owners, which right will be binding on such apartment owners and their successors, grantees and assigns.

3. The Developer, its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over and upon the Project as may be reasonably necessary for the completion of the improvements of the Project, and the correction of defects therein.

4. The Developer, its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over and upon the Project as may be necessary for the completion, correction and maintenance of the man-made lagoon, a part of which will be (and a part of which will not be) within the boundaries of the Project.

5. The owners, operators, managers, occupants and guests including hotel guests of the property adjacent to the Project, on the south boundary and adjacent to the man-made lagoon, shall have a non-exclusive easement over the Project for access to and use of the man-made lagoon and the lagoon areas as well as the four tennis courts of the Project, and shall have the right to use the same to the same extent as, and subject to the same limitations as are imposed upon an owner or occupant of an apartment in the Project as set forth in the By-Laws.

USE: The proposed Declaration provides that the non-apartment buildings may only be used for any permitted purposes under applicable laws and governmental regulations. The Administration Building and any common element storage facilities located throughout the Project are intended for and restricted to such uses as the Board of Directors of the Association of Apartment Owners (the "Board") from time to time determines in its sole discretion consistent with applicable laws and governmental regulations. The Board on behalf of the Association may but shall not be required to enter into leases, licenses or other agreements with a third party or parties, for such reasonable compensation as may be determined by the Board, which grant to such third party or parties, either exclusive or non-exclusive rights to use for such purposes, the common element storage facilities, the Administration Building or any part or parts thereof, and the desk(s), switchboard(s) or other equipment and facilities located therein. The apartment buildings and the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, but such apartments may be leased or rented from time to time to transients. The Association shall have the power to enact resolutions, rules and regulations, and have the power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of the Declaration, and By-Laws.

The owners of the respective apartments shall have the absolute right to sell, lease, rent or otherwise transfer such apartments subject to all provisions of the Horizontal Property Act, the Hanamaulu Beach Resort Association Declaration of Covenants and Restrictions, the Declaration and the By-Laws attached thereto; provided, however, that no apartment owner may sell, lease, or otherwise transfer less than the entire apartment.

No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the Project, or suffer anything to be done or kept in his apartment or elsewhere on the Project which will (a) jeopardize the soundness of the Project, or (b) interfere with or unreasonably disturb the rights of other owners and occupants, or (c) obstruct the corridors or

stairways of the buildings, or (d) reduce the value of the Project, or (e) increase the rate (unless such owner pays such increase) or result in the cancellation of fire insurance on the apartments or the contents thereof or the Project.

Purchasers should note that the Sales Contract places restrictions on the Apartment Owners, precluding them from entering into any rental pool or other rental-sharing arrangements with other apartment owners until after all apartments have been sold by the Developer and Apartment Deeds for all apartments have been recorded.

Purchasers and prospective purchasers are also advised to read with care the House Rules for the Project which among other things provide that:

(a) Occupancy is limited to not more than two persons per bedroom contained in each apartment, excluding children under the age of five (5) but in no event to exceed three (3) occupants per bedroom;

(b) Dogs, cats and other household pets in a reasonable number as determined by the Board may be kept in the apartment but not for any commercial purposes. Occupants of any apartment containing a pet are required to register their pet with the managing agent;

(c) No water beds shall be allowed in any apartment.

OWNERSHIP TO TITLE: The Preliminary Report of Title issued June 27, 1980, and prepared by Title Guaranty of Hawaii, Inc. states that fee simple title to the land is vested in Knickerbocker Life Insurance Company of Ohio.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report of Title dated June 27, 1980, prepared by Title Guaranty of Hawaii, Inc. describes the encumbrances as set forth on Exhibit B attached hereto.

The Developer has submitted to the Commission a copy of the Purchase Agreement by and between Pacific Standard Life Insurance Company ("PSLI"), as Seller, and the Developer, as Purchaser, dated October 8, 1979, by which the Developer will acquire fee title to the Land.

The Developer has informed the Commission that it will place a construction mortgage on its fee interest. The lien of this mortgage will be released and discharged of record as to each condominium apartment prior to its being conveyed to a purchaser.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated February 29, 1980, between Title Guaranty Escrow Services, Inc., as Escrow Agent, and Developer, has been filed with the Commission. On examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

The executed Escrow Agreement provides in part that if at any time (a) Escrow receives written notice from Developer to return to a purchaser under a Sales Contract the funds of such purchaser then held by Escrow under the Escrow Agreement, or (b) with respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall be any substantive change in the building plans of a type which gives purchaser a right to cancel his Sales Contract pursuant to Chapter 514A of the Hawaii Revised Statutes (unless purchaser's written approval of acceptance of the specific change is obtained, or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he has first occupied the apartment) or (c) the Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change has not been obtained and the purchaser shall request the refund, or (d) the Final Report is not issued within one (1) year from the date of issuance of the Preliminary Report, unless the Sales Contract is nevertheless affirmed by the purchaser, then in any such event Escrow shall return such funds to the purchaser, without interest earned unless otherwise instructed by Developer and furthermore unless Developer shall otherwise instruct Escrow, less: (1) Escrow's cancellation fee of a minimum of \$50.00 per apartment, (2) any mortgagee's cancellation fee, and (3) all other costs, if any, which have been incurred in connection with the Escrow mortgage processing, closing or legal documentation. In such event, the Escrow Agreement further provides that Escrow shall hold the Sales Contract and any apartment deed previously delivered to Escrow and any mortgage documents which may have been executed shall be returned to the mortgagee, and Developer and the purchaser shall be deemed no longer bound by the terms of the Sales Contract; provided, however, that no refund shall be made to purchaser at purchaser's request until Escrow has received written approval of such refund from Developer.

NOTE: Prospective purchasers should be aware that:

1. The Mortgage and other liens which will secure the Developer's first mortgage interim construction loan (renewals and extensions) for the construction of the Project shall be and remain at all times a superior lien on the Project, and purchasers intentionally waive and subordinate their interests under the Sales Contract in favor of the priority of all such liens.

2. It is incumbent upon the prospective purchaser that he read with care the specimen Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of the proceeds of said trust fund. The Sales Contract sets forth when Purchaser's payments are payable. All payments other than funds from any mortgage lender must be paid to escrow at the times specified in the Sales Contract, and all of Purchaser's deposits must be paid to escrow by Preclosing which could be up to ninety (90) days prior to the Developer's estimated date of completion of the Project.

3. The specimen Sales Contract provides that said agreement is only a reservation agreement until (a) the Final Subdivision Map for the land is approved by the County of Kauai Planning Department, and (b) thereafter the Purchaser receipts for the Final Report and gives the receipt to the Developer at which time (the "Effective Date of the Sales Contract") the Sales Contract becomes a binding sales contract (subject only to any applicable provisions of the Horizontal Property Act). Until the Effective Date of the Sales Contract, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the purchaser (at which time the purchaser's deposit will be refunded in full). However, it is important for the purchaser to review Section D.33 of the Sales Contract with respect to the provisions pertaining to purchaser's application for financing. Purchaser will be responsible for any mortgagee's processing costs and cancellation fees in the event of a cancellation of the Sales Contract, except only in the specific situation described in Section D.33.

4. The Sales Contract provides that the sale is a "pre-sale", i.e., a sale of a condominium apartment in a Project to be built and completed and the Purchaser expressly agrees that the description of the property covered by the Sales Contract, as contained in the Sales Contract, Declaration and in the Real Estate Commission's Public Report(s), is intended to be sufficient. The property is being purchased with reliance solely on the description contained in the Declaration and Public Report(s) and on the Condominium Map (without regard to any other plans and specifications of the Project) and that furthermore the Condominium Map is intended to show only the layout, location, apartment numbers and dimensions of the apartments. The Purchaser agrees that the Condominium Map and the building plans and specifications for the Project at the Building Department of the County of Kauai or wherever located are not intended and do not constitute any representation or warranty by the Seller. The Purchaser acknowledges the Developer's rights to make changes in the plans and specifications for the Project, including changes to appliances, subject only to any right of cancellation and refund as may be provided by Chapter 514A, Hawaii Revised Statutes and as described in Section D.6 of the Sales Contract.

5. The Sales Contract provides that any and all interest earned on Purchaser's deposits in escrow shall accrue to and belong to the Seller.

6. Purchaser should also note that the Sales Contract places restrictions on selling or assigning the Sales Contracts.

7. In Section D.7 of the Sales Contract, the Purchaser acknowledges awareness and acceptance of certain conditions of the Project including the fact that the Project is adjacent to sugar cane fields and sugar cane operations which may result in noise, dust, smoke, soot or other annoyances to Purchaser.

8. As provided in Sections D.9 and D.25 of the Sales Contract, the purchaser acknowledges that construction activity may continue on and off the site after purchaser has occupied his apartment, which may result in noise, dust or other annoyances. In addition, as further provided in said Section D.25, the Developer's sales activities, including the use of model units and signs and the use of the common areas for sales displays and related activities, may continue until the last apartment in the Project is sold.

9. The purchaser's attention is directed to paragraph L of the Declaration and Sections D.6 and D.7 of the Sales Contract, which together reserve to the Developer a right to make certain specified changes to the Project and the Project Plans and to make amendments to the Declaration that may be necessary to comply with the provisions of law (including any park ordinance), the requirements of any title insurance company, institutional mortgage lender or governmental agency, or to carry out the changes to the Project set forth in said paragraphs.

10. As provided in Section D.18 of the Sales Contract, the execution, delivery and recordation of the Purchaser's apartment deed shall constitute the assignment by Seller to Purchaser of any and all warranties given to Seller by the General Contractor for the Project, and by any subcontractors or any materialmen. Purchaser shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the apartment. The Purchaser acknowledges that, other than a limited warranty to use best efforts described in Section D.18, Seller has made no warranties, expressed or implied with respect to the property, its quality or grade, or any common element or anything installed therein, its quality or grade, or the Hanamaulu Resort Association, the sewer treatment plant or other improvements. Purchaser's attention is invited to Section D.18 of the Sales Contract.

11. Purchaser should also note Section D.35 of the Sales Contract which provides that the Sales Contract constitutes the entire agreement between the parties and no fact sheets, informational material, advertising material or other documents which purport to describe the property or the Project in any manner beyond or different from the description set forth in the Declaration, By-Laws and Real Estate Commission's Public Report(s) shall be valid or enforceable against the Seller unless signed by the Seller.

12. Purchasers further are advised that any and all representations, advice, or discussion of rental or other income from the Apartment, or any other economic benefit to be derived therefrom, including the cash flow, vacancy factors, costs, expenses, or projected income or projected expenses, or similar items regarding the current or prospective operation of the Project or parts thereof by any person in connection with the sale of the condominium units are not authorized by the Developer and the Developer specifically disclaims such representations, if any. Such representations should, therefore, not be relied upon by prospective purchasers. The Developer has not authorized,

and prospective purchasers should not rely on, any representations other than those specifically contained in the Declaration, By-Laws and Sales Contract prepared by the Developer.

13. Purchasers should carefully read Section D.23 of the Sales Contract which sets forth certain rights to cancel the Sales Contract or increase the Purchase Price which the Seller reserves in the event of new laws or other delays to the Project beyond the control of the Seller. If the Developer is prevented from building the Project or is delayed by litigation or new laws or other reasons beyond the Developer's control, the Developer has the right to elect to continue the Sales Contract in force or cancel it. If the Developer decides to cancel, the Purchaser will be entitled to a full refund of all deposits made, without interest. The Purchaser also has a thirty (30) day right to cancel the sales contract if the Seller increases the Purchase Price as described in Section D.23.

14. Section D.5 of the Sales Contract describes the Hanamaulu Beach Resort Association and certain arrangements whereby the lagoon, lagoon areas and the four (4) tennis courts of the Project are shared with the owners, tenants, and guests, including hotel guests of the property adjacent to the Project, who, as described above under the topical heading "Easements" and in the Declaration, shall have an easement over the Project for such purposes. The By-Laws also provide for operation of the tennis courts by a tennis committee which will establish court fees to be charged to all users of the tennis courts, including the apartment owners. The expenses of operating and maintaining the tennis courts will be paid from the court fees collected and the balance will be shared one-half as a common expense of the Project and one-half by the adjacent property owners (who will also be entitled to membership on the tennis committee).

15. PURCHASERS ARE ADVISED THAT THE COMMITTEE TO SAVE NUKOLII AND OTHERS HAVE FILED THREE CIVIL COMPLAINTS (NO. 2260, NO. 2268 and NO. 2321) IN THE FIFTH CIRCUIT COURT OF THE STATE OF HAWAII IN AN ATTEMPT TO PREVENT THE CONSTRUCTION OF THE PROJECT AS PLANNED. THE FIRST TWO COMPLAINTS, ON NUMEROUS GROUNDS, ATTACK THE VALIDITY OF THE APPROVAL GIVEN BY THE PLANNING COMMISSION OF THE COUNTY OF KAUAI TO THE DEVELOPER TO PROCEED WITH THE PROJECT. THE COMPLAINT IN CIVIL NO. 2321 WAS FILED ON AUGUST 27, 1980 AND ATTACKS THE ISSUANCE OF THE BUILDING PERMITS FOR THE PROJECT. PURCHASERS SHOULD BE AWARE THAT THEIR RIGHTS AS PURCHASERS OF UNITS IN THE PROJECT WILL BE AFFECTED BY AND ARE SUBJECT TO THE OUTCOME OF THIS LITIGATION AND ANY APPEALS. THE DEVELOPER, TOGETHER WITH THE OFFICE OF THE COUNTY ATTORNEY OF THE COUNTY OF KAUAI, HAS DEFENDED AGAINST CIVIL NO. 2260 AND CIVIL NO. 2268 AND PLANS TO DEFEND AGAINST CIVIL NO. 2321. ON JULY 7, 1980, THE COURT GRANTED A DISMISSAL OF PLAINTIFF'S COMPLAINT IN CIVIL NO. 2260. ON JULY 29, 1980, PLAINTIFFS VOLUNTARILY WITHDREW THEIR COMPLAINT IN CIVIL NO. 2268 BY STIPULATING TO A DISMISSAL. ON AUGUST 4, 1980 PLAINTIFFS FILED AN APPEAL TO THE HAWAII SUPREME COURT IN CIVIL NO.

2260. PURCHASERS ARE ADVISED TO SEEK THE OPINION OF THEIR OWN COUNSEL REGARDING THE EFFECT, IF ANY, WHICH THE LITIGATION AND APPEAL THEREOF MAY HAVE ON THE PURCHASER'S RIGHTS.

16. PURCHASERS ARE FURTHER ADVISED THAT ARTICLE V OF THE KAUAI COUNTY CHARTER GRANTS THE VOTERS OF KAUAI THE POWER TO REJECT THE ZONING ORDINANCE PASSED BY THE KAUAI COUNTY COUNCIL FOR THIS PROJECT. AT THE NEXT GENERAL ELECTION IN NOVEMBER 1980, THE VOTERS OF THE COUNTY OF KAUAI WILL HAVE THE OPPORTUNITY TO EITHER AFFIRM THE ZONING OF THE PROJECT PROPERTY AS RESORT DISTRICT (RR-20) OR REVERSE THE ZONING TO ITS PREVIOUS AGRICULTURE DISTRICT (A). THE OFFICE OF THE COUNTY ATTORNEY OF THE COUNTY OF KAUAI HAS ISSUED AN OPINION THAT THE PENDING REFERENDUM CANNOT PREVENT THE COUNTY OF KAUAI FROM PROCESSING THE DEVELOPER'S PERMIT APPLICATIONS AND THAT THE CURRENT ZONING ORDINANCE OF THE PROJECT IS VALID UNTIL AND UNLESS IT IS REVERSED BY THE VOTERS AT THE NEXT GENERAL ELECTION. THE FIFTH CIRCUIT COURT, IN DISMISSING CIVIL NO. 2260, UPHELD THE INTERPRETATION OF THE COUNTY ATTORNEY'S OFFICE AND THE VALIDITY OF THE GRANT TO THE DEVELOPER OF A CLASS IV ZONING PERMIT AND A SPECIAL MANAGEMENT AREA USE PERMIT BY THE KAUAI PLANNING COMMISSION. PURCHASERS SHOULD BE AWARE HOWEVER THAT THEIR RIGHTS AS PURCHASERS OF UNITS IN THE PROJECT MAY BE AFFECTED BY AND ARE SUBJECT TO THE OUTCOME OF THE REFERENDUM PETITION AND THE RESULTS OF THE NOVEMBER 1980 GENERAL ELECTION WITH RESPECT TO THE ZONING FOR THE PROJECT. THE DEVELOPER HAS SECURED THE NECESSARY BUILDING PERMITS FOR THE PROJECT AND PLANS TO COMMENCE CONSTRUCTION PRIOR TO THE NOVEMBER 1980 GENERAL ELECTION. AS DESCRIBED ABOVE, THE LITIGATION AND APPEAL BY THE SAVE NUKOLII COMMITTEE MAY HAVE AN IMPACT ON THE DEVELOPER'S ABILITY TO COMMENCE AND COMPLETE CONSTRUCTION OF THE PROJECT. PURCHASERS ARE ALSO ADVISED TO SEEK THE OPINION OF THEIR OWN COUNSEL REGARDING THE EFFECT, IF ANY, WHICH THE REFERENDUM PETITION AND THE NOVEMBER 1980 GENERAL ELECTION MAY HAVE ON THEIR RIGHTS.

HANAMAULU BEACH RESORT ASSOCIATION: In addition to the condominium association, all purchasers shall automatically become members of the Hanamaulu Beach Resort Association, a Hawaii nonprofit corporation. The Resort Association's purpose is to provide for the management, maintenance, protection, and preservation of land described in the Declaration of Covenants and Restrictions filed by PSLI as the Declarant, and certain improvements, including access roads, lagoons, public parking and other facilities, utility systems and in particular to provide for the operation of and management of a sewer treatment facility which will service the Project and other areas within the Hanamaulu Beach Resort Association.

Voting rights in the Resort Association are defined in the Declaration of Covenants and Restrictions and the Declaration of Covenants and Restrictions reserve a certain degree of voting and other control in PSLI as the Declarant and its nominees.

The Voting Rights of Owners of Condominium Units shall be exercised by the Board of Directors of the Association of Owners of the Project in which the Unit is located. If

merchants or similar associations are established, the Voting Rights of the Owners of the Floor Area included in such associations shall be exercised through the boards of directors of such associations.

Each Owner of any Lot or Condominium Unit, by acceptance of a purchase and sale agreement, deed, lease, or other conveyance document therefor, whether or not it shall be expressed in any such deed, lease or any other conveyance, shall be deemed to covenant and agree to pay his proportionate share of general and special maintenance assessments and assessments for capital contributions, such assessments to be fixed, allocated and collected from time to time.

The assessments levied by the Association shall be used exclusively for the purposes provided for in the Declaration of Covenants and Restrictions.

NOTE:

1. The Declaration of Covenants and Restrictions shall control in case of any conflict with the Declaration of Horizontal Property Regime.

2. The purchaser or prospective purchaser should read the Hanamaulu Beach Resort Association documents carefully, especially the Declaration of Covenants and Restrictions, which will give the Declarant rights to annex additional land.

DISCLAIMER: Nothing in the proposed Declaration and Sales Contract, nor any advertising or other documentation in connection with the Project or the Hanamaulu Beach Resort, shall be construed as obligating Developer or any other person to develop any land other than the land described in the Declaration, or to construct any improvements, including any recreational facilities, other than the improvements described in the Declaration; nor as granting to purchasers any membership or other interest in any entity, club, or facility (recreational or otherwise) other than the Project and the Hanamaulu Beach Resort Association; and any representations to the contrary by Developer's agents are not authorized.

MANAGEMENT OF THE PROJECT: The By-Laws vest in the Board of Directors the power and duties necessary for the administration of the overall affairs of the Project. The By-Laws submitted to the Commission permit the Developer to appoint the initial managing agent for the Project. The Developer has not yet selected the initial Management Agent.

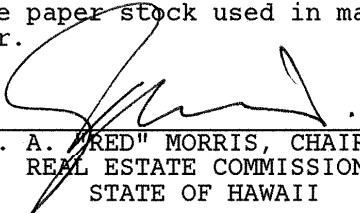
STATUS OF PROJECT: Site work on the Project Site has commenced but construction of the improvements has not yet begun.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of

Intention submitted March 27, 1980, and information subsequently submitted as of August 27, 1980.

This SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1280 filed with the Commission on March 27, 1980.

This Report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be pink in color.



G. A. "RED" MORRIS, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Taxation
Bureau of Conveyances
Planning Commission, County of Kauai
Federal Housing Administration
Escrow Agent

Registration No. 1280

August 28, 1980

EXHIBIT A
COMMON INTERESTS

<u>Apartment Type</u>	<u>Apartment Number</u>	<u>Gross Area</u>	<u>Percentage Common Interest</u>	<u>Totals</u>
2/2-1	A-7, A-8, B-2, B-7 B-8, B-13, C-7, C-8 D-7, D-8, D-13, D-14, E-7, E-8, F-7, F-8, G-7, G-8, G-13, G-14, H-2, H-7.	1401	0.8090%	17.7980%
2/2-2	A-9, A-10, B-4, B-9, B-10, B-15, C-9, C-10, D-9, D-10, D-15, D-16, E-9, E-10, F-9, F-10, G-9, G-10, G-15, G-16, H-4, H-9.	1401	0.8090%	17.7980%
2/2-3	A-11, A-12, B-6, B-11, B-12, B-17, C-11, C-12, D-11, D-12, D-17, D-18, E-11, E-12, F-11, F-12, G-11, G-12, G-17, G-18, H-6, H-11.	1401	0.8090%	17.7980%
2/2-4	B-1, B-14, H-1, H-8.	1413	0.8035%	3.2140%
2/2-5	B-3, B-16, H-3, H-10.	1413	0.8160%	3.2640%
2/2-6	B-5, B-18, H-5, H-12.	1413	0.8160%	3.2640%
1/2-1	A-1, A-14, C-1, C-14, D-1, D-20, E-1, E-14, F-1, F-14, G-1, G-20.	968	0.5600%	6.7200%
1/2-2	A-3, A-16, C-3, C-16, D-3, D-22, E-3, E-16, F-3, F-16, G-3, G-22.	968	0.5600%	6.7200%
1/2-3	A-5, A-18, C-5, C-18, D-5, D-24, E-5, E-18, F-5, F-18, G-5, G-24.	968	0.5600%	6.7200%
1/1-1	A-2, A-13, C-2, C-13, D-2, D-19, E-2, E-13, F-2, F-13, G-2, G-19.	803	0.4640%	5.5680%
1/1-2	A-4, A-15, C-4, C-15, D-4, D-21, E-4, E-15, F-4, F-15, G-4, G-21.	803	0.4640%	5.5680%
1/1-3	A-6, A-17, C-6, C-17, D-6, D-23, E-6, E-17, F-6, F-17, G-6, G-23.	803	0.4640%	<u>5.5680%</u> 100.0000%

EXHIBIT B

1. FOR ANY TAXES THAT MAY BE DUE AND OWING REFERENCE IS MADE TO THE OFFICE OF THE TAX ASSESSOR, FOURTH DIVISION.
2. RESERVATION IN FAVOR OF THE STATE OF HAWAII OF ALL MINERAL AND METALLIC MINES.
3. LOCATION OF THE SEAWARD BOUNDARY IN ACCORDANCE WITH THE LAWS OF THE STATE OF HAWAII, AND SHORELINE SETBACK LINE IN ACCORDANCE WITH COUNTY REGULATION AND/OR ORDINANCE.
4. RESERVATIONS CONTAINED IN DEED RECORDED IN LIBER 12300 AT PAGE 260, IN AGREEMENT OF SALE RECORDED IN LIBER 12200 AT PAGE 307, AND IN SUB-AGREEMENT OF SALE RECORDED IN LIBER 12697 AT PAGE 19, TO-WIT:

*RESERVING UNTO SELLER, ITS SUCCESSORS AND ASSIGNS:

(A) AS APPURTENANT TO THE LANDS OF THE SELLER, LOCATED IN THE DISTRICT OF LIHUE, NOW OWNED AND USED OR HEREAFTER ACQUIRED AND USED BY THE SELLER IN ITS SUGAR PLANTATION OPERATIONS, THE PERPETUAL RIGHT AND EASEMENT OVER AND UPON THE GRANTED PREMISES TO DISCHARGE, EMIT, OR TRANSMIT SURFACE WATER RUNOFF, NOISE, SMOKE, SOOT, DUST, LIGHTS, VAPORS, ODORS AND OTHER SUBSTANCES AND PHENOMENA OF EVERY DESCRIPTION CREATED BY AND RESULTING FROM THE REASONABLE OPERATIONS OF THE SELLER IN BURNING SUGAR CANE AND BAGASSE, MILLING, GENERATING POWER, TRUCKING, HAULING AND ALL OTHER ACTIVITIES INCIDENTAL TO THE OPERATION OF A SUGAR CANE PLANTATION; AND THE PURCHASER, HIS HEIRS, EXECUTORS, ADMINISTRATORS AND ASSIGNS, DO HEREBY WAIVE ANY AND ALL CLAIMS UNDER ANY LAW WHATSOEVER AGAINST THE SELLER ARISING THEREFROM.

(B) SUCH EASEMENTS AND RIGHTS OF WAY OVER, ACROSS, UNDER AND THROUGH THE GRANTED PREMISES FOR SEWER DRAINAGE, UTILITY ACCESS AND OTHER PURPOSES AS MAY BE REASONABLY NECESSARY, CONVENIENT AND APPURTENANT TO EXISTING IMPROVEMENTS AND FACILITIES LOCATED IN LIHUE AND SELLER'S SURROUNDING LANDS; PROVIDED, HOWEVER, THAT ANY

SUCH EASEMENT AND RIGHT OF WAY SHALL NOT UNREASONABLY INTERFERE WITH ANY THEN EXISTING OR FUTURE UTILIZATION OF PURCHASER'S PARCEL AFFECTED BY SUCH EASEMENT AND RIGHT OF WAY."

5. AGREEMENT OF SALE

VENDOR : THE LIHUE PLANTATION COMPANY, LIMITED, A
HAWAII CORPORATION

VENDEE : WALTER T. SHIMODA, HUSBAND OF NANCY KIYOKO
SHIMODA

DATED : FEBRUARY 23, 1977 (AS OF AUGUST 15, 1976)
RECORDED : LIBER 12200 PAGE 307
AMOUNT : \$1,200,000.00 - COVERS LOT 1-D, BESIDES OTHER
LAND

REFERENCE IS MADE TO SAID INSTRUMENT FOR TERMS, CONDITIONS,
RESTRICTIONS, RESERVATIONS, PROVISIONS, ETC...

6. SUB-AGREEMENT OF SALE

SUB-VENDOR : WALTER T. SHIMODA, HUSBAND OF NANCY KIYOKO
SHIMODA

SUB-VENDEE : PACIFIC STANDARD LIFE INSURANCE COMPANY, AN
ARIZONA CORPORATION

DATED : SEPTEMBER 23, 1977
UNRECORDED
CONSENT : GIVEN BY FRANCIS ISAMU SATO, STANLEY KUNJI
ITO, MASAYUKI YAMAMOTO, RICHARD TADAO HIRANO,
RICHARD KWAN WAI TOM AND JITSUICHI TAMASHIRO,
TRUSTEES OF THE HAWAII CARPENTERS PENSION
FUND, BY INSTRUMENT DATED JANUARY 9, 1978 AND
RECORDED IN LIBER 12597 AT PAGE 26
(COVERS LOT 1-D BESIDES OTHER LAND)

REFERENCE IS MADE TO SAID INSTRUMENT FOR TERMS, CONDITIONS, RESTRICTIONS, RESERVATIONS, PROVISIONS, ETC...

A SHORT FORM OF SAID SUB-AGREEMENT OF SALE IS DATED SEPTEMBER 23, 1977 AND RECORDED IN LIBER 12697 AT PAGE 19.

7. THAT CERTAIN DECLARATION OF CONDITIONS DATED JUNE 5, 1980 AND RECORDED IN LIBER 14784 AT PAGE 751.

8. FINAL SUBDIVISION APPROVAL BY THE COUNTY OF KAUAI.

9. PENDING IN THE CIRCUIT COURT OF THE FIFTH CIRCUIT, STATE OF HAWAII IS CIVIL NO. 2260, ATTORNEY FOR INTERVENORS PETITIONER COMMITTEE TO SAVE NUKOLII AND WILLIAM ASING, "PLAINTIFFS" VS. PACIFIC STANDARD LIFE INSURANCE COMPANY AND JOHN GRAHAM COMPANY. RE: ZONING RESTRICTIONS.

10. PENDING IN THE CIRCUIT COURT OF THE FIFTH CIRCUIT, STATE OF HAWAII, ON JUNE 4, 1980, IS CIVIL NO. 2268, COMMITTEE TO SAVE NUKOLII, AN UNINCORPORATED ASSOCIATION, SALLY JO SOARES, LINDA M. SCAMAHORN, WILLIAM KAIPO ASING, JULIA ABBEN, DEAN ABBEN, ROBERT PAI, WAYNE MOGER AND ERIC KATO, "PLAINTIFFS" VS. THE PLANNING COMMISSION OF THE COUNTY OF KAUAI AND THE COUNTY OF KAUAI, DEFENDANTS. RE: ZONING RESTRICTIONS.