



**REAL ESTATE COMMISSION
STATE OF HAWAII**

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

KAUAI BEACH VILLAS
(formerly called "Hanamaulu Beach Villas")
Hanamaulu, Kauai, Hawaii
with access from Kuhio Highway

Registration No. 1280

Issued: July 29, 1986

Expires: January 29, 1987

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 16, 1986 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission. This report must be read together with _____.
- SUPPLEMENTARY:**
(pink) Changes information contained in the
[] Prelim. Public Report dated _____
[X] Final Public Report dated October 26, 1981
[X] Supp. Public Report dated August 28, 1980
(the "Supplementary Public Report No. 1")
- And [] Supersedes all prior public reports
[X] Must be read together with Final Public Report and
Supplementary Public Report No. 1

Summary of Changes from Earlier Public Reports:

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

Since the issuance of the Commission's Supplementary Public Report No. 1, dated August 28, 1980 (superseding the Preliminary Public Report), and Final Public Report dated October 26, 1981, on the KAUAI BEACH VILLAS, certain material changes have been made in the Project. The Developer advises that the Declaration of Horizontal Property Regime and the Bylaws for the Project have been amended by instruments described in paragraph 8 of Exhibit "B" attached hereto. The information in the Final Public Report of October 26, 1981, and the Supplementary Public Report No. 1 of August 28, 1980, under the topical headings OWNERSHIP TO TITLE and ENCUMBRANCES AGAINST TITLE, and PURCHASE MONEY HANDLING have been changed. Only the changed information is presented in this Second Supplementary Public Report.

Also, refer to page 18 of this Public Report for further information.

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~~Appendix XXX People Connected with the Project~~

~~Attached only if there are additions or changes to information contained in the body of the report~~

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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

Common elements are the areas of the condominium other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominiums, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

See Supplementary Public Report No. 1 and Final Public Report for all information called for on this page.

Interest to be Conveyed to Buyer:

Type of Project:

1. New Construction Conversion
 Both New Construction and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings

5. Apartment Description

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: _____

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	_____

7. Recreational amenities:

I. PEOPLE CONNECTED WITH THE PROJECT

Except for the changes noted below, see Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

Developer:

Name _____

Phone: _____
(Business)

Business Address _____

Names of officers or general partners of developers who are corporations or partnerships:

Real Estate
Sales Agent:

Haseko Realty, Inc.
Name _____

Phone: 536-3771
(Business)

Suite 820, 820 Mililani Street
Business Address _____

Honolulu, Hawaii 96813

Escrow:

Title Guaranty Escrow Services, Inc.
Name _____

Phone: 521-0211
(Business)

First Floor, 235 Queen Street
Business Address _____

Honolulu, Hawaii 96813

Managing
Agent:

Hilton Corporation
Name _____

Phone: 245-7711
(Business)

Kauai Hilton and Beach Villas
Business Address _____

Hanamaulu, Kauai, Hawaii

Attorney for
Developer:

Name _____

Business Address _____

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

Except for the changes noted below, see Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

A condominium is created by recording in the Bureau of Conveyances or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

- Proposed
- Recorded – Bureau of Conveyances – Book _____ Page _____
- Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

May 11, 1982 – Liber 16343, Page 549
July 24, 1985 – Liber 18830, Page 449
December 18, 1985 – Liber 19201, Page 211

- B. **Condominium Map (File Plan)** shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

- Proposed
- Recorded – Bureau of Conveyances – Map No. _____
- Filed – Land Court – File Plan No. _____

Amendment date(s) and recording/filing information:

May 11, 1982 – Liber 16343, Page 549

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

The Bylaws for this condominium are:

- Proposed
- Recorded – Bureau of Conveyances – Book _____ Page _____
- Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

July 24, 1985 – Liber 18830, Page 449
December 18, 1985 – Liber 19201, Page 211

Except for the changes noted below, see Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted

Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

1. **Apartment Owners:** Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	_____
Bylaws	65%	_____ 65%
House Rules	—	_____

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

See Supplementary Public Report No. 1 and Final Public Report
for the information called for on this page.

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

- Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners) either (1) remove or dispose of the building and other improvements; or (2) convey the building and improvements to the lessor at a specified price.

Exhibit _____ contains further explanations.

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per
 Month Year.

- Other:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled Foreclosed.
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

See Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

B. Underlying Land:

Land Area: _____ square feet Zoning: _____

Fee Owner: _____
 name
 _____ address

Sublessor: _____
 name
 _____ address

C. Buildings and Other Improvements:

1. New Construction Conversion of Existing Building
 Both New Construction and Conversion

2. Buildings: _____ Floors Per Building: _____

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

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

Pets: _____
 Number of Occupants: _____
 Other: _____

See Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

6. Interior (fill in appropriate numbers):

Total Apartments _____

Elevators _____

Stairways _____

Trash Chutes _____

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

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

Boundaries of Each Apartment:

Permitted Alterations to Apartments:

See Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

7. Parking Stalls:

	<u>Number of Stalls</u>
Assigned Stalls (For Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Other: _____	_____
 Total Parking Stalls	 _____

Each apartment will have the exclusive use of at least _____ parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	_____	_____	_____
Number of open stalls	_____	_____	_____

Commercial parking garage permitted on condominium.

Exhibit _____ contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities:

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Swimming pool | <input type="checkbox"/> Storage Area |
| <input type="checkbox"/> Recreation Area | <input type="checkbox"/> Laundry Area |
| <input type="checkbox"/> Tennis Court | <input type="checkbox"/> Trash Chute |
| <input type="checkbox"/> Other: _____ | |
| _____ | |

See Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot (for conversions only)

	<u>Conforming</u>	<u>Non-Conforming</u>	
		<u>Legal</u>	<u>Illegal</u>
Uses	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

If a variance has been granted or if uses, improvements, or lot are either legal non-conforming or illegal non-conforming, buyer should consult with county zoning authorities as to possible limitations which may apply.

See Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit _____ describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments. The limited common elements and the apartment which may use them are:

[] described in Exhibit _____

[] as follows:

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

Exhibit _____ describes the common interests for each apartment.

Except for the changes noted below, see Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit B describes the encumbrances against the title contained in the title report dated June 23, 1986 .

Blanket Liens:

- There are no blanket liens affecting title to the individual apartments.
- There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
---------------------	---

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

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

The initial managing agent for this condominium is:

- not affiliated with the Developer.
- the Developer or the Developer's affiliate.
- other _____

Except for the changes noted below, see Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

G. Estimate of Initial Maintenance Fees:

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

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit C contains a schedule of maintenance fees and maintenance fee disbursements.

H. Separate Utility Charges for Apartments:

Except for the utilities indicated below, each apartment will be billed separately for utilities:

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

I. Construction Warranties

1. Building and Other Improvements:

None (See Exhibit D)

2. Appliances:

None (See Exhibit D)

Except for the changes noted below, see Supplementary Public Report No. 1 and Final Public Report for the information called for on this page.

J. Status of Construction and Estimated Completion Date

Construction of the buildings has been completed.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed with the Real Estate Commission:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit D contains a summary of the provisions of the sales contract.

Escrow Agreement dated June 18, 1986

Exhibit E contains a summary of the provisions of the escrow agreement.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. According to a Status Title Report issued by Title Guaranty of Hawaii, Inc. on June 23, 1986, the condominium apartments described in Exhibit "A" attached hereto were conveyed to the Developer by the following instruments:

a. Apartment Deed dated November 5, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19078, Page 83;

b. Apartment Deed dated November 13, 1985, recorded in said Bureau in Liber 19090, Page 728; and

c. Apartment Deed dated June 17, 1986, recorded in said Bureau in Liber 19602, Page 517.

2. The litigation described in Paragraphs 15 and 16 of both the Supplementary Public Report No. 1, dated August 28, 1980, and the Final Public Report, dated October 26, 1981, have been concluded or disposed of. However, in Lani Soules, et al. v. Kauaians for Nukolii Campaign Committee, et al., United States District Court, Civil No. 84-0297, the Committee to Save Nukolii and others, contested the results of the February 4, 1984 referendum election whereby the voters of the County of Kauai adopted a proposal changing the zoning classification of the Project from Agriculture District (A) to Resort/Residential (RR-20) and alleged that the referendum election of February 4, 1984 was invalid and infringed upon their constitutional and civil rights. Partial summary judgment on December 3, 1984 and summary judgment on March 18, 1985 were entered against the Committee to Save Nukolii by the U.S. District Court, thereby upholding the referendum election. The Committee to Save Nukolii then filed a notice of appeal to the Ninth Circuit Court of Appeals on April 11, 1985, docketed as Ninth Circuit Court of Appeals for the Ninth Circuit, Civil No. 85-1906. This appeal is pending. 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.

3. The Kauai Beach Hilton Hotel adjacent to the property has been completed and is now in operation.

4. 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.

5. The paragraphs under the topical heading "PURCHASE MONEY HANDLING" in both the Supplementary Public Report No. 1 and Final Public Report are superseded in their entirety by the information contained in this Supplementary Public Report.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the reports were delivered to the buyer.

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

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

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

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
6. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

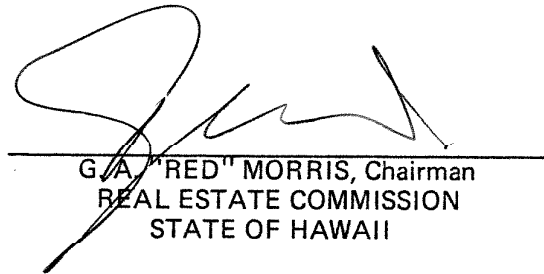
This Public Report is a part of Registration No. 1280 filed with the Real Estate Commission on March 27, 1980.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock white paper stock pink paper stock

Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.


G/A "RED" MORRIS, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Separate Disclosure Abstract on this condominium:

Required Not Required – disclosures covered in this report

Distribution:

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

APARTMENT NUMBER

UNDIVIDED INTEREST

A-4	0.4640%
A-8	0.8090%
C-7	0.8090%
C-8	0.8090%
C-16	0.5600%
D-3	0.5600%
D-5	0.5600%
E-8	0.8090%
E-14	0.5600%
F-5	0.5600%
F-9	0.8090%
F-15	0.4640%
G-1	0.5600%
G-10	0.8090%
H-2	0.8090%
H-10	0.8160%
B-1	0.8030%
B-2	0.8090%

EXHIBIT A

"KAUAI BEACH VILLAS"

1. Any and all Real Property Taxes that may be due and owing.

Tax Key: 3-7-003-014 (4)	Apt. No. A-4
Tax Key: 3-7-003-014 (4)	Apt. No. A-8
Tax Key: 3-7-003-014 (4)	Apt. No. C-7
Tax Key: 3-7-003-014 (4)	Apt. No. C-8
Tax Key: 3-7-003-014 (4)	Apt. No. C-16
Tax Key: 3-7-003-014 (4)	Apt. No. D-3
Tax Key: 3-7-003-014 (4)	Apt. No. D-5
Tax Key: 3-7-003-014 (4)	Apt. No. E-8
Tax Key: 3-7-003-014 (4)	Apt. No. E-14
Tax Key: 3-7-003-014 (4)	Apt. No. F-5
Tax Key: 3-7-003-014 (4)	Apt. No. F-9
Tax Key: 3-7-003-014 (4)	Apt. No. F-15
Tax Key: 3-7-003-014 (4)	Apt. No. G-1
Tax Key: 3-7-003-014 (4)	Apt. No. G-10
Tax Key: 3-7-003-014 (4)	Apt. No. H-2
Tax Key: 3-7-003-014 (4)	Apt. No. H-10
Tax Key: 3-7-003-014 (4)	Apt. No. B-1
Tax Key: 3-7-003-014 (4)	Apt. No. B-2

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 and the effect, if any, upon the area of the land described herein.

4. Reservations contained in instruments dated February 23, 1977, as of August 15, 1976, recorded in Liber 12200 at Page 307, dated June 29, 1977, recorded in Liber 12300 at Page 260, and dated September 23, 1977, recorded in Liber 12697 at Page 19.

5. Declaration of Conditions dated June 5, 1980, recorded in Liber 14784 at Page 751.

"KAUAI BEACH VILLAS"

6. Reservation in favor of Knickerbocker Life Insurance Company of Ohio of the right to dedicate to the County of Kauai, a 6-foot wide pedestrian easement, pursuant to requirements of the County of Kauai, as reserved in Correction Deed dated August 27, 1980, recorded in Liber 15035 at Page 52.
7. Declaration of Covenants and Restrictions dated May 4, 1981, recorded in Liber 15595 at Page 650, as amended by instrument dated October 9, 1981, recorded in Liber 15873 at Page 22.
8. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated June 5, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15596 at Page 1, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 811.) Said Declaration was amended by instruments dated September 24, 1981, recorded in Liber 15842 at Page 418, dated May 11, 1982, recorded in Liber 16343 at Page 549, and dated July 24, 1985, recorded in Liber 18830 at Page 449, and dated December 18, 1985, recorded in Liber 19201 at Page 211.
9. Grant in favor of Citizens Utilities Company and Hawaiian Telephone Company, dated July 23, 1982, recorded in Liber 18463 at Page 193; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., over, under, upon, across and through the land described herein.
10. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed dated May 30, 1985, recorded in Liber 18678 at Page 613 (Apartments A-4 & 8; C-7, 8 & 16; D-3 & 5; E-8 & 14; F-5, 9 & 15; G-1 & 10; H-2 & 10 and B-2); dated September 21, 1984,

"KAUAI BEACH VILLAS"

recorded in Liber 18220 at Page 329 (Apartment B-1).

11. Affidavit dated July 19, 1985, recorded in Liber 18822 at Page 532, re: Conservation District Use Application Permit.

EXHIBIT C
 K A U A I B E A C H V I L L A S
 ESTIMATED MONTHLY COMMON AREA OPERATING BUDGET
 1986

REVENUE:

Maintenance Fees \$48,001

OPERATING EXPENSES:

Utilities	
Electricity	\$ 4,500
Water	1,430
Telephone	150
Television Cable	1,376
Building	
Cleaning Services	1,625
Electric Bulbs	200
Grounds & Grds. Supp.	7,200
Painting	200
Pest Control	125
Pool/Jacuzzi	420
Refuse	290
Repairs & Purchase	1,200
Administration	
Data Processing	400
Management Fee	1,300
Salaries-Maintenance	2,480
Salaries-Manager	2,170
Salaries-Security	1,170
Salaries-Other	490
Payroll Taxes	578
Group Insurance	900
Workmen's Compensation	1,060
Rent	750
Other	
Insurance-Directors	50
Insurance-SMP	2,800
Insurance-Flood	250
Insurance-Umbrella	730
Legal & Audit	300
Office Supply	200
Miscellaneous	100
Travel	50
Taxes-Gross Income	100
Taxes-Federal	300
Taxes-State Income	25
Resort Assn. Expense	<u>5,756</u>
Total Expenses	\$40,675
Reserve Fund	<u>7,326</u>
	<u>\$48,001</u>

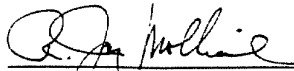
MAINTENANCE FEE SCHEDULE


<u>Unit Type *</u>	<u>Percentage Common Interest</u>	<u>Maintenance Fee</u>	X	<u>Quantity</u>	=	
1 bdrm 1 bath	0.4640%	\$223.00	X	36	=	\$ 8,028
1 bdrm 2 bath	0.5600%	\$269.00	X	36	=	9,684
2 bdrm 2 bath	0.8030%	\$386.00	X	4	=	1,544
2 bdrm 2 bath	0.8090%	\$388.00	X	66	=	25,608
2 bdrm 2 bath	0.8160%	\$392.00	X	8	=	3,136
Commercial	0.0010%	\$.50	X	2	=	<u>1</u>
				TOTAL		\$48,001

* See attached Appendix I

The undersigned certifies that fees and costs are based on generally accepted accounting principles. Should you have any questions, please feel free to contact our office.

KAUAI HILTON & BEACH VILLAS


 R. Jay Mollicone, General Manager


 E. Kaud/Rosa, Assistant Manager
 Condominium Administrator

6-20-86
 Date

6/19/86
 Date

<u>RESIDENTIAL UNIT TYPE</u>	<u>PERCENTAGE COMMON INTEREST</u>	<u>FLOOR AREA (sq. ft.)</u>	<u>NUMBER OF UNITS</u>
1 bdrm 1 bath			
1/1-1	0.4640	803	12
1/1-2	0.4640	803	12
1/1-3	0.4640	803	12
1 bdrm 2 bath			
1/2-1	0.5600	968	12
1/2-2	0.5600	968	12
1/2-3	0.5600	968	12
2 bdrm 2 bath			
2/2-4	0.8030	1413	4
2 bdrm 2 bath			
2/2-1	0.8090	1401	22
2/2-2	0.8090	1401	22
2/2-3	0.8090	1401	22
2 bdrm 2 bath			
2/2-5	0.8160	1413	4
2/2-6	0.8160	1413	4
Administrative			
Apartment I	0.0010	1,040 approx.	1
Apartment II	0.0010	1,006 approx.	1

APPENDIX I

EXHIBIT D

SUMMARY OF SALES CONTRACT

The specimen Sales Contract filed with the Commission provides, among other things, as follows:

1. Construction of the Project was completed in 1982. The Property is being sold in an "as is" condition. The Seller does not warrant the structural quality or integrity of the Project or the mechanical soundness of any of the systems of the buildings or the individual apartments. Seller has made no warranties whatsoever, express or implied, with respect to the apartments, appliances, equipment, the Project, the buildings, or any common elements or anything installed therein. When Purchaser buys the Property, the Purchaser accepts the same "as is" without warranties or representations as to the condition thereof and assumes all risks of defects known or unknown. SELLER DISCLAIMS ANY EXPRESS WARRANTY, ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, ANY CONSUMER PRODUCTS INSTALLED THEREIN, THE PROPERTY, THE COMMON ELEMENTS, THE PROJECT, OR THE HANAMAULU BEACH RESORT ASSOCIATION, THE SEWER TREATMENT PLANT, LAGOONS, ROADS AND IMPROVEMENTS. Purchaser acknowledges that Seller has made no warranties, express or implied, with respect to the Property, its quality or grade, or any common element or anything installed therein, its quality or grade, the man-made lagoon, sewer treatment plant, roads and other improvements of the Hanamaulu Beach Resort Association, their quality or grade. In particular Seller disclaims any and all responsibility or liability for any malfunctions, construction or design defects, or any other problems which Purchaser may encounter with respect to the Apartment or the Project. Purchaser acknowledges Seller's disclaimers and expressly waives any rights, claims or actions against Seller arising out of or connected with any defects with respect to the Property.

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

3. In Sections D.5 and D.18 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.

4. As provided in Section D.18 of the Sales Contract, the purchaser acknowledges that 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.

5. Purchaser should also note Section D.26 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.

6. Purchasers should carefully read Section D.20 of the Sales Contract whereby the Purchaser agrees that it will not enter into or participate in any rental pool for the renting of the Apartment and other Apartments in the Project owned by other individuals until nine months have elapsed after all apartments in the Project have been sold by the Seller and Apartment Deeds for all the Apartments have been recorded (the "Nine Month Period"). In furtherance thereof the Purchaser further agrees that it will not be permitted to and will not attempt to join either the Kauai Beach Villas Investment Partnership or the Kauai Beach Villas Hotel Partnership until the expiration of the Nine Month Period. Purchaser acknowledges that it has no intention of investing in either partnership, that it is purchasing the Property simply as real estate, and that the sale of the Property is coupled with a restriction against joining either or both of such limited partnerships for the period as stated above.

7. 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, 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).

EXHIBIT E

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"). Among other provisions, the Escrow Agreement (as well as the Sales Contract) provides that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to the purchaser without interest, less an escrow cancellation fee, if the purchaser requires financing and is unable to obtain a mortgage loan within 30 days of the date of his execution of the Sales Contract and either Seller (Developer) or Buyer elects to terminate the Sales Contract. The Escrow Agreement also provides that Escrow shall deposit all funds received in a bank or savings and loan institution selected by Developer and that any interest earned thereon shall accrue to Developer.