

# IMPORTANT - - Read This Developer Prepared Report Before Buying

This Report Is Not a Commission Approval or Disapproval of This Condominium Project

## DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	THE RESIDENCES OF LAULE'A
Project Address	68-1210 South Kaniku Drive Kamuela, Hawaii 96743
Registration Number	7639
Effective Date of Report	<b>June 24, 2015</b>
Developer(s)	The Residences Of Laulea Limited 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.

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*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 - - Significant Matters

[Use this page for special or significant matters which should be brought to the purchaser's attention. At minimum "Subject Headings" and page numbers where the subject is explained more may be used.]

**The developer's inclusion of a disclosure or an explanation of any or all of the following applicable significant matters in this part of the developer's public report shall not be construed to constitute the Commission's:**

- **Approval or disapproval of the project;**
- **Representation that the developer has fully or adequately disclosed either all material facts or all pertinent changes, or both, concerning the project;**
- **Representation that the developer's disclosures of other material facts elsewhere in this report is less important; or**
- **Judgment of the value or merits of the project.**

**The commission reserves the right to request that the developer include these special and significant matters elsewhere in the developer's public report.**

1. This is a Condominium Project that should not be confused with a subdivision. A purchaser of a Unit will be conveyed a Unit together with an "undivided" percentage interest in the Common Elements of the Project. The entire parcel of land upon which the Project is situated is designated as a Common Element. The portion of the Common Element that each purchaser has the exclusive right to use is called a Limited Common Element. The land under and surrounding each Unit, as shown on the Condominium Map, is designated as a Limited Common Element and does not represent a legally subdivided lot. The hatched areas on the Condominium Map bounding the Limited Common Elements and the designated number of acres in each Limited Common Element land area are for illustrative purposes only and should not be construed to be the property lines of legally divided lots.

2. Issuance of an effective date for a Developer' Public Report does not constitute approval of the project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

3. Notwithstanding anything contained in the Declaration to the contrary, the Association shall be responsible for undertaking the maintenance, replacement and repair of the landscaping within the following Limited Common Elements appurtenant to a Unit: (i) the yard; (ii) the privacy gardens (if any); and (iii) the courtyard (if any). The cost of maintenance, replacement and repair of such landscaping, shall be a Common Expense.

4. **Status of Condominium Project**

- The condominium Project has been created and the Declaration, Bylaws and Condominium Map have all been recorded in the Bureau of Conveyances of the State of Hawaii.
- The Developer currently holds the fee interest in the property underlying the condominium Project.
- The condominium Project construction is not dependent on a pending county zoning, building code, ordinance, ordinance, or permitting change or county, state or federal administrative approval.
- As set forth in Section O.3 of the Declaration, the Developer has reserved the right, but not the obligation, to construct, sell and convey the Units incrementally on a building-by-building or cluster-by-cluster basis. Upon completion of each building or cluster, the Developer may obtain a certificate of occupancy for the Units in such building or cluster and thereupon transfer ownership of the Units to purchasers. In connection with this incremental development, the Developer has the right to enter upon the Project with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments of the condominium Project.

5. Condominium is Located Within a Master Planned Community

- The condominium Project is located within the Mauna Lani Resort master planned community and each Unit Owner is also subject to and shall comply with the Declaration of Covenants and Restrictions (Mauna Lani Resort Association), dated June 3, 1982, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1120889 and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 16425, Page 203, as amended ("**Master Declaration**"). Each Unit Owner shall be a member of the Mauna Lani Resort Association ("**Resort Association**") and shall be responsible for paying its proportionate share of the Resort Association's expenses as part of such owner's Maintenance Assessment. The Master Declaration imposes restrictions on the use of lands and improvements within the master planned community, including, but not limited to design guidelines. See Exhibit H for more information.

6. Purchasers' Agreement to Waive Certain Rights When Buying a Unit.

- Purchasers shall accept that Developer's estimate of monthly maintenance fees, as shown in the Public Report, was prepared based upon information believed to be accurate and correct, however, Developer makes no warranty or promise regarding the accuracy of these amounts. Purchasers waive any rights, claims or actions, including, without limitation, any action for damages or right to cancel or rescind their Sales Contracts which it might otherwise have against Developer for any inaccuracy.
- In the event that a Purchaser establishes, after Closing, that there has been any violation of federal or state securities laws or disclosure laws or other breach of the obligations of Developer under the terms of the Sales Contract, the Purchaser agrees that the Purchaser's sole remedy (other than any remedies that, by law, Purchaser cannot waive or be required to waive and any remedies under any warranties contained in the Purchase Contract) shall be rescission of the Sales Contract pursuant to Hawaii Revised Statutes Section 514B-94, pursuant to which the Purchaser shall be entitled upon reconveyance of the Unit to recover the Total Purchase Price actually paid by the Purchaser, together with interest thereon at the rate of six percent (6%) per annum, and the amount of any reasonable attorneys' fees (based upon reasonable hourly rates) and costs that the Purchaser actually paid, less the amount of any income that the Purchaser received. The Purchaser agrees that any other expenses that the Purchaser incurs including, but not limited to, real property taxes, Association assessments, interest payments on mortgages and mortgage loan fees, shall constitute the reasonable use value of the Unit from Closing until the date of repayment and shall not be recoverable from the Developer.
- Purchasers acknowledge that: (a) Developer's sales activities, which may include the use of model Unit(s), signs and extensive sales displays and activities may continue in the condominium Project until the sale of the last condominium Unit located in Project; (b) Developer reserves the right to utilize unassigned or guest parking spaces described in the Declaration for parking for prospective purchasers until the sale of the last unsold Unit described in the Declaration; and (c) Developer also reserves the right for itself, its sales representatives and prospective purchasers to utilize the Common Elements for ingress and egress to such parking spaces and model Unit(s) in order to show the Common Elements to prospective purchasers. Purchasers accept the foregoing conditions as well as any inconvenience or annoyance which Purchasers may experience as a result of such conditions and waive any rights, claims or actions which it might otherwise have against Developer as a result of such circumstances. Developer further reserves the right, in its sole discretion, to designate one or more Units as model Units for sales and display purposes.

- Purchasers acknowledge and agree that except for representations and warranties expressly set forth in the Sales Contract, Purchasers are purchasing the Unit in its "AS-IS" condition and any and all warranties, express or implied, including without limitation, warranties of merchantability and fitness for a particular purpose created by state or federal law, are hereby specifically disclaimed and waived. The foregoing disclaimer and waiver also applies to all express and implied warranties as to any "consumer product" as defined in the Magnuson-Moss Warranty Act, which consumer products shall not be warranted by Developer, provided, however, that Developer shall assign to Purchasers any manufacturer's or supplier's warranty with respect to such consumer products, to the extent that the same are assignable.
- Purchasers acknowledge and agree that, inasmuch as Purchasers are purchasing the Unit during a period of construction within, around and adjacent to the condominium Project and the construction of the Unit may be completed prior to the completion of the construction of other condominium units or Common Elements of the Project, there may be certain inconveniences to Purchasers until all construction within the condominium Project is complete. Inconveniences may include noise, dust, odors and debris associated with construction, interference with access and temporary interruptions of utility services. Purchasers also acknowledge that the development of adjacent properties may lead to similar inconveniences. Purchasers hereby accept the foregoing conditions as well as any inconvenience or annoyance which Purchasers may experience as a result of such conditions and hereby expressly waive any rights, claims or actions which it might otherwise have against Developer as a result of such circumstances.

#### 7. Developer's Disclaimers

- Under Section U of the Declaration, the execution of the Declaration by the Developer shall not constitute any warranty, express or implied, that the provisions and representations contained in the Declaration (including any exhibits hereto), as amended from time to time, are accurate; or that any buildings, structures or other improvements described in the Declaration (including any exhibits hereto), as the same may be amended from time to time, and any plans or specifications relating thereto, are proper or structurally safe or sound. The Condominium Map sets forth the layout, location, dimensions and numbers of Units, the name of the condominium Project, the floor plan and elevation of the building, the general location and layout of common areas and the location of parking stalls. To the extent that the Condominium Map shows or depicts any other detail or feature of the Common Elements or the location or configuration of a feature or detail of the Common Elements which differs from the condominium Project as constructed, the Condominium Map shall not constitute a representation or warranty by the Developer.
- Developer does not make any oral or written statement, representation or warranty as to (i) the availability of any school or school facilities to the Unit, or (ii) any future use of the condominium Project or adjacent properties.

#### 8. Disclosures Relating Only to a Specific Condominium Project.

- There are no current or pending lawsuits, administrative proceedings, or other quasi-judicial proceedings in which the Developer or the condominium Project are the subjects.
- The Developer is not aware of any burial or "iwi" issues affecting the condominium Project. Purchasers should be advised that such matters are specifically excluded from any limited warranties or promises whether express or implied, written or oral, past, present or future, under the Sales Contract.

- The Developer is not aware of any adverse environmental conditions affecting the condominium Project. Purchasers should be advised that such matters are specifically excluded from any limited warranties or promises whether express or implied, written or oral, past, present or future, under the Sales Contract.
- All separately metered utilities to the Unit will be changed from Developer's name to a Purchaser's name no later than three (3) days after the date of Closing, and that, thereafter, such Purchaser shall be obligated to pay the costs of such utilities. All Units in the condominium Project will be serviced by: (i) the County of Hawaii, Department of Water Supply for water; (ii) Hawaii American Water for sewer; (iii) . Hawaii Electric Light Company, Inc. for electricity; (iv) Hawaiian Telcom, Inc. for telephone; and (v) Oceanic Time Warner Cable for cable television.
- Purchasers, by accepting title to a Unit acknowledge that: (a) there are no protected views, and no Unit is assured of the existence or unobstructed continuation of any particular view; (b) any view from the Unit is not intended as part of the value of the Unit and is not guaranteed; and (c) any future development, construction, landscaping, growth of trees, or other installation or improvements by Developer or other owners may impair the view from any Unit. No real estate brokers or real estate sales persons, or officer or employee of Developer have the authority to make any representations which contradict the foregoing statements.
- This condominium Project does not include spatial units.
- The Developer is not aware of any encroachments or easements which will impact Purchasers' use of their Units or the condominium Project.
- There are currently no non-conforming structures within the condominium project.
- The Master Declaration, Bylaws of the Resort Association, and condominium Project documents (Declaration, Bylaws, Condominium Map and House Rules) all include covenants and provisions which, in some cases, restrict a Purchaser's use and enjoyment of a Unit.
- There are no license or trademark use agreements for the Project.

9. Disclosure of any Other Fact and Information

- Under Section F.1 of the Declaration, no Unit shall be used for the carrying on of any business, trade or profession whatsoever. The parking stalls may be used as a parking space for a motor vehicle or such other purposes as the Developer shall determine in its sole discretion, provided that such determination shall be made prior to the sale of any Units to a bona fide purchaser. The Unit Owners shall have the absolute right to lease or rent their Units independently or as part of a destination club membership plan. All leases shall be in writing, leasing no less than an entire Unit, signed by the Owner or Owner's representative and the tenant, and subject to the limitations, restrictions, covenants and conditions contained in the County of Hawaii Zoning Code, the laws of the State of Hawaii relating to land use districts (Chapter 205, Hawaii Revised Statutes), the Declaration and the Bylaws. The Units shall not be used for timesharing, as such term is defined in Chapter 514E, Hawaii Revised Statutes.

- Purchasers are encouraged to review Section O of the Declaration carefully. In such section, the Developer reserves certain rights, including the rights to (i) control the Association for a period of time; (ii) grant easements; (iii) develop the condominium Project incrementally; (iv) change Unit floor plans; (v) conduct sales activities within the condominium Project; and make required amendments to the condominium Project documents.

10. List of Outstanding Notices of Uncured Violations of Building Code

- Not Applicable

## TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report.....	1
General Information On Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units .....	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions .....	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters .....	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions .....	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer .....	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS .....	10
3.1 Declaration of Condominium Property Regime .....	10
3.2 Bylaws of the Association of Unit Owners .....	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements .....	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be Included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner .....	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties .....	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

## TABLE OF CONTENTS

	Page
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance .....	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance.....	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing.....	15
5.7 Rights Under the Sales Contract .....	17
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract .....	17
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract.....	17
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed.....	18
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	18
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.....	19
EXHIBIT A: Boundaries of Units	
EXHIBIT B: Common Elements and Limited Common Elements	
EXHIBIT C: Common Interest	
EXHIBIT D: Encumbrances Against Title	
EXHIBIT E: Breakdown of Annual Maintenance Fees and Monthly Estimated Costs for Each Unit	
EXHIBIT F: Summary of Sales Contract	
EXHIBIT G: Summary of Condominium Escrow Agreement	
EXHIBIT H: Summary of Mauna Lani Resort Association Declaration of Covenants and Restrictions	



## **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	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	N/A
Address of Project	68-1210 South Kaniku Drive Kamuela, Hawaii 96743
Address of Project is expected to change because	N/A
Tax Map Key (TMK)	(3) 6-8-022-024
Tax Map Key is expected to change because	CPR numbers will be assigned to each Unit
Land Area	5.169 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

### 1.2 Buildings and Other Improvements

Number of Buildings	see attached page 3(a)
Floors Per Building	1 and 2
Number of New Building(s)	24
Number of Converted Building(s)	N/A
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood

### 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
A-1, A-2	6	4/4.5	2,748 sq. ft.	1,232 sq. ft.	*	3,980 sq.ft.
B-1, B-1R	4	4/4.5	2,654 sq. ft.	1,119 sq. ft.	**	3,773 sq.ft.
B-2, B-2R	4	4/4.5	2,654 sq. ft.	1,134 sq. ft.	**	3,788 sq.ft.
C-1	1	3/3	2,097 sq. ft.	821 sq. ft.	**	2,918 sq.ft.
C-2	1	3/3	2,100 sq. ft.	853 sq. ft.	**	2,953 sq.ft.
C-3	1	3/3	2,097 sq. ft.	838 sq. ft.	**	2,935 sq.ft.
See Exhibit _____ .						

17	<b>Total Number of Units</b>
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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.

## 1.2 Number of Buildings

Five (5) separate two-story residence buildings, six (6) separate one-story residence buildings, five (5) double garage buildings, seven (7) single garage buildings and one (1) Mail/Office building.

**1.4 Parking Stalls**

Total Parking Stall in the Project:	* see below
Number of Guest Stalls in the Project:	* see below
Number of Parking Stalls Assigned to Each Unit:	* see below
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.	
* All Units have separate garages and parking stalls within its Limited Common Elements	

**1.5 Boundaries of the Units**

Boundaries of the unit:  See Exhibit A
--

**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): Each Unit Owner shall have the right at his sole option at any time and from time to time, as set forth in the Declaration, with the reasonable consent and/or approval of the Association, to improve, renovate, remodel, make additions to, remove, replace, alter or restore the interior improvements to or in his Unit or portions thereof or upon the Limited Common Elements appurtenant to his Unit (collectively, the foregoing are referred to as "alterations"). See Paragraph N of the Declaration for additional requirements and restrictions.
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**1.7 Common Interest**

<b>Common Interest:</b> 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 <u> C </u> .
As follows:

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input checked="" type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): roadways, driveways, and mail/office building

**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  B .

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
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  B .

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.

<input checked="" type="checkbox"/>	Pets: Common household pets as long as they are contained within the Unit or limited common areas appurtenant to the Unit.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Residential use only; no timeshare use allowed
<input type="checkbox"/>	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  D  describes the encumbrances against title contained in the title report described below.

Date of the title report: March 4, 2015

Company that issued the title report: Title Guaranty of Hawaii, Incorporated

**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
<input checked="" type="checkbox"/>	Residential	17	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RM-3
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Other (Specify):		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code			Not Applicable	

**1.14 Other Zoning Compliance Matters**

Conforming/Non-Conforming Uses, Structures and Lots			
<p>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.</p> <p>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.</p> <p>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.</p>			
	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>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:</p> <p>Not Applicable</p>			

**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input type="checkbox"/> <b>Applicable</b></p> <p><input checked="" type="checkbox"/> <b>Not Applicable</b></p>
<p>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:</p> <p>Not Applicable</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>Not Applicable</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>Not Applicable</p>	
<p>Estimated cost of curing any violations described above:</p> <p>Not Applicable</p>	

<p><b>Verified Statement from a County Official</b></p>	
<p>Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(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:</p> <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p>	

**1.16 Project In Agricultural District**

<p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>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? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p> <p>Not Applicable</p>	
<p>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? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p> <p>Not Applicable</p>	
<p>Other disclosures and information:</p>	

**1.17 Project with Assisted Living Facility**

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



## 2. PERSONS CONNECTED WITH THE PROJECT

<p><b>2.1 Developer(s)</b></p>	<p>Name: The Residences Of Laulea Limited Partnership, a Delaware limited partnership</p> <p>Business Address: 134 Pembina Road #208 Sherwood Park, Alberta T8H 0M2 Canada</p> <p>Business Phone Number : (780) 467-5521</p> <p>E-mail Address: Stephen@luxusgroup.com</p>
<p>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).</p>	<p>General Partner: ML Development GP, Inc.</p> <p>Director of ML Development GP, Inc.: Stephen Petasky</p> <p>Officers of ML Development GP, Inc.: Stephen Petasky, President Donald Petasky, Secretary</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: MacArthur &amp; Company, Inc., dba MacArthur Sotheby's International Realty</p> <p>Business Address: 65-1279 Kawaihae Road, Suite 104 Kamuela, Hawaii 96743</p> <p>Business Phone Number: (808) 333-4856</p> <p>E-mail Address: molly@macarthurhawaii.com</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 65-1230 Mamalahoa Hwy., Building F, Suite 100 Kamuela, Hawaii 96743</p> <p>Business Phone Number: (800) 887-6020</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: Maryl Group Construction, Inc.</p> <p>Business Address: 55 Merchant Street, Suite 2900 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 545-2920</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Classic Resorts Limited</p> <p>Business Address: 180 Dickenson Street, Suite 201 Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 667-1111</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Steven S.C. Lim, Esq.</p> <p>Business Address: Carlsmith Ball LLP 121 Waianuenue Avenue, Hilo, Hawaii 96727</p> <p>Business Phone Number: (808) 523-2500</p>

### 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	February 12, 2015	A-55350679

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number

#### 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	February 12, 2015	A-55350680

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	5382
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	<input checked="" type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input type="checkbox"/>	
Developer does not plan to adopt House Rules	<input type="checkbox"/>	

### 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%	67%
Bylaws	67%	67%

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>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:</p> <ol style="list-style-type: none"> <li><u>Developer Control Period.</u> The Developer has reserved the right to control the Association and appoint and remove the Officers and Directors during the Developer Control Period as set forth in Section O.1 of the Declaration.</li> <li><u>Granting of Easements.</u> The Developer has reserved the right to grant easements and rights of way within the Common Elements as set forth in Section O.2 of the Declaration.</li> <li><u>Develop Incrementally.</u> The Developer has reserved the right to develop and convey the Units incrementally as set forth in Section O.3 of the Declaration.</li> <li><u>Change in Floor Plans.</u> The Developer has reserved the right to change Unit floor plans or create new Unit floor plans as set forth in Section O.4 of the Declaration.</li> <li><u>Required Amendments.</u> The Developer has reserved the right to make amendments to the Declaration, the Bylaws, or the Condominium Map that are required by law, by the Real Estate Commission, by a title insurance company, by a mortgage lender, or by any governmental agency as set forth in Section O.5 of the Declaration</li> <li><u>Amendment.</u> All in accordance with Section P.1 of the Declaration, the Developer may amend the Declaration to file the "as built" of the Units and until the first recording of a conveyance or transfer of a Unit to a party not a signatory to the Declaration, the Developer may amend the Declaration, other Project Documents and/or the Condominium Map in any manner without the approval or consent of any Unit purchaser.</li> </ol>

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<u>Management of the Common Elements:</u> 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):	
<input checked="" type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<u>Estimate of the Initial Maintenance Fees:</u> 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 <u>E</u> 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.* *See page 12(a)

### 4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input checked="" type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

### 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:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV Cable
<input checked="" type="checkbox"/>	Other (specify) Each Unit Owner is responsible for contracting all utilities other than water

#### 4.2 Estimate of Initial Maintenance Fees

The maintenance fee estimates include the monthly Mauna Lani Resort Association fees which are currently \$111.99 per Unit.

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>F</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: December 31, 2014 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>G</u> contains a summary of the pertinent provisions of the escrow agreement.
<input checked="" type="checkbox"/>	Other: Exhibit H - Summary of Mauna Lani Resort Association Declaration of Covenants and Conditions

### 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.

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____ .
<input checked="" type="checkbox"/>	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.

<input checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> 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:

<p>Building and Other Improvements: See page 13(a)</p>
<p>Appliances: None. See page 13(a)</p>

#### 5.4 Construction Warranties

Buildings and other Improvements: The Developer shall provide a one (1) year warranty that the Units have been constructed in strict compliance with the Unit Specifications, that the quality of the workmanship and construction is at least equivalent to comparable luxury residential condominium projects, and any other warranty rights under contract and law.

The Developer warranty shall also include any warranties for the benefit of the Developer under its contracts with the general contractor, subcontractor, consultants and suppliers for the Project, including any extended warranties that Developer receives under such contracts.

Appliances: The Developer shall provide a warranty equivalent to any manufacturer's or dealer's warranties covering the appliances in the Units. The duration of the Developer's warranty of appliances shall be co-extensive with the underlying warranties of the manufacturers or dealers.

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

<p>Status of Construction:</p> <p>Construction commenced in April, 2015</p>
<p>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.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p> <p>September 15, 2017</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p> <p>Not Applicable</p>

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

<input type="checkbox"/>	<p>Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.</p> <p>Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to met certain requirements, described below in 5.6.1 or 5.6.2..</p>
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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**

<input type="checkbox"/>	<p>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.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
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**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):

<input checked="" type="checkbox"/>	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
<input type="checkbox"/>	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):

<p><b>Box A</b></p> <p><input type="checkbox"/></p>	<p>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.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><b><u>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.</u></b></p>
<p><b>Box B</b></p> <p><input checked="" type="checkbox"/></p>	<p>The Developer has <u>not</u> 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.</p> <p>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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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.</p> <p>You should understand that, although the <b><u>Important Notice Regarding Your Deposits</u></b> 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.</p>

**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.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
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:

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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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 30<sup>th</sup> 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**

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.

The Residences Of Laulea Limited Partnership, a Delaware limited partnership

Printed Name of Developer

By:

  
Duly Authorized Signatory\*

June 8, 2015  
Date

Stephen Petasky, President of ML Development GP, Inc., a Delaware corporation, its general partner

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii

Planning Department, County of Hawaii

\*Must be signed for a corporation by an officer; 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

### BOUNDARIES OF UNITS

Seventeen (17) fee simple condominium Units are hereby designated in the Project, which Units are designated on the Condominium Map as Units 1B2R, 2B1R, 3B1, 4B2, 5A2, 6A1, 7A1, 8A1, 9A2, 10A2, 11B1, 12B2, 13B1, 14B2, 15C1, 16C2 and 17C3, inclusive, and are described as follows:

- a. Unit Numbers and Locations. The Unit numbers and the location of the Units are shown on the Condominium Map and, together with the area of the Units, are further described in **Exhibit "B"** of the Declaration.
- b. Layout and Composition. The layout of the Units is shown on the Condominium Map and is more particularly described in **Exhibit "C"** of the Declaration.

Each Unit shall be deemed to include (1) all of the walls and partitions, including interior load-bearing walls, within its perimeter walls, (2) any pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines which serve only such Unit, (3) the inner decorated or finished surfaces of all walls, floors and ceilings, (4) any doors or panels along the perimeter walls of such Unit, (5) all exterior windows and sliding doors, and all cranks, frames and other window or sliding door hardware, (6) all appliances and fixtures installed therein and replacements thereof, and (7) any adjacent lanai to which such Unit has direct, exclusive access. The Units shall not be deemed to include: (1) the foundations, perimeter walls and roofs, (2) the undecorated or unfinished surfaces of the perimeter walls, (3) the undecorated or unfinished surface of the floors and ceilings surrounding each Unit, (4) any pipes, shafts, ducts, pumps, valves, wires, conduits or other utility or service lines located within such Unit that are utilized for or serve more than one Unit, the same being deemed Common Elements as hereinafter provided.

- c. Appliances and Fixtures. Each Unit also includes any appliances and fixtures now or hereafter installed therein.
- d. Access to Public Streets or Highways and Common Elements. Each Unit has immediate access through stairways, walkways and roadways of the Project to the Common Elements of the Project, and through private roadways to the public streets.

## EXHIBIT B

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### COMMON ELEMENTS

1. The Land in fee simple and any and all easements and appurtenances thereto, including but not limited to Easement L-1 located on Lot 2 of the Mauna Lani Resort Phase V, Part A and B Subdivision (File Plan 2100) to be granted to Declarant.
2. (1) The foundations, perimeter walls, and roofs of the Units, and (2) the undecorated or unfinished surfaces of the perimeter walls of the Units.
3. All driveways, roads, walkways, single and double garages, motor courts, parking stalls, sidewalks, yards, courtyards, privacy gardens, utility enclosures, and landscaping, if any shown on the Condominium Map.
4. The swimming pools/spas located within each of the yards, if any.
5. All utility lines, sewer lines, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which serve more than one Unit for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. 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.
7. The single and double garages shown on the Condominium Map
8. The Mail/Office Building shown on the Condominium Map
9. Any area labeled common area or limited common area on the Condominium Map.

#### LIMITED COMMON ELEMENTS

Certain parts of the Common Elements, herein called the "Limited Common Elements", are hereby designated, set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. Except as specifically provided herein, the costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be borne by the Owner of the Unit to which the Limited Common Element is or are appurtenant, and if there is more than one Unit to which the Limited Common Element is or are appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Units except as otherwise provided in this Section.

1. Each Unit shall have as a Limited Common Element (i) the yard (including the swimming pool/spa located therein); (ii) the lanai; (iii) parking stall(s); (iv) privacy garden (if any); (v) utility enclosure; (vi) courtyard (if any); (vii) garage; and (viii) motor court (if any), assigned to such Unit in **Exhibit "B"** of the Declaration and as shown on the Condominium Map.
2. All Common Elements of the Project which are rationally related to less than all of the Units shall be Limited Common Elements appurtenant to the Unit(s) to which they are so related.
3. No Owner may transfer or exchange a limited common element that is assigned to the Owner's Unit to another Unit.
4. Each Owner shall be responsible for keeping said Owner's respective Limited Common Element in a neat and orderly condition at all times, including during any construction, and shall not allow trash or debris to accumulate anywhere within the Limited Common Element. No Owner shall store any construction material on such Owner's Limited Common Element except during the time actual construction is taking place. Each Owner agrees to keep roadways, easements, walkways, driveways and other areas within the Project clear of trash and construction materials at all times. No Owner shall permit any dumping of vegetation or debris in any drainage area (either a formal drainage easement or natural gulch), building or placing any structures therein (except to the extent authorized in writing by the County of Hawaii and the Board).



**EXHIBIT C**

**COMMON INTERESTS**

Unit No.	Approx. Unit Area (sf)	Other Area (Lanai) (sf)	Privacy Garden No. (sf)	Garage No. (sf)	Utility Enclosure No.	Total Area (sf)	Yard No.	Courtyard No.	Motor Court No.	Parking Stall No.	Common Interest*
1B2R	2,654	630	N/A	1G3R (381)	1L (123)	3,788	1Y	N/A	N/A	1	0.060194
2B1R	2,654	639	N/A	2G2R (357)	2L (123)	3,773	2Y	N/A	N/A	2	0.059956
3B1	2,654	639	N/A	3G2 (357)	3L (123)	3,773	3Y	N/A	N/A	3	0.059956
4B2	2,654	630	N/A	4G3 (381)	4L (123)	3,788	4Y	N/A	N/A	4	0.060194
5A2	2,748	332	5GC (130 sf)	12G (488)	5L (282)	3,980	5Y	1CY	1MC	5a, 5b	0.063245
6A1	2,748	332	6GC (130 sf)	13G (488)	6L (282)	3,980	6Y	2CY	2MC	6a, 6b	0.063245
7A1	2,748	332	7GC (130 sf)	14G (488)	7L (282)	3,980	7Y	3CY	3MC	7a, 7b	0.063245
8A1	2,748	332	8GC (130 sf)	15G (488)	8L (282)	3,980	8Y	4CY	4MC	8a, 8b	0.063245
9A2	2,748	332	9GC (130 sf)	16G (488)	9L (282)	3,980	9Y	5CY	5MC	9a, 9b	0.063245
10A2	2,748	332	10GC (130 sf)	17G (488)	10L (282)	3,980	10Y	6CY	6MC	10a, 10b	0.063245
11B1	2,654	639	N/A	5G2 (357)	11L (123)	3,773	11Y	N/A	N/A	11	0.059956
12B2	2,654	630	N/A	6G3 (381)	12L (123)	3,788	12Y	N/A	N/A	12	0.060194
13B1	2,654	639	N/A	7G2 (357)	13L (123)	3,773	13Y	N/A	N/A	13	0.059956
14B2	2,654	630	N/A	8G3 (381)	14L (123)	3,788	14Y	N/A	N/A	14	0.060194
15C1	2,097	341	N/A	9G2 (357)	15L (123)	2,918	15Y	N/A	N/A	15	0.046368

16C2	2,100	349	N/A	10G3 (381)	16L (123)	2,953	16Y	N/A	N/A	16	0.046924
17C3	2,097	341	N/A	11G1 (357)	17L (140)	2,935	17Y	N/A	N/A	17	0.046638
Total	44,014					62,930					1.000000

The net living areas of the various Unit types that are set forth herein are the approximate interior floor areas of the respective Unit types, computed from and to the interior surface of their perimeter walls (or exterior glass walls). The net living area is the area of the Unit measured in accordance with the regulations of the Real Estate Commission of the State of Hawaii. The areas for the lanais are computed from the outside surface of the Unit walls or exterior glass to the outside edge of the concrete slab.

All areas set forth herein are approximate only. The areas of the Units upon completion of construction are likely to vary somewhat. Even Units of the same type may differ slightly.

\*The Common Interests set forth herein are subject to the Declarant's rights to adjust the Common Interest set forth in the Declaration, including but not limited to those rights set forth in Paragraph O (Reservations of Rights by the Declarant) of the Declaration.

## EXHIBIT D

### ENCUMBRANCES AGAINST TITLE

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. The terms and provisions contained in the following:

**INSTRUMENT:** DECLARATION OF COVENANTS AND RESTRICTIONS (MAUNA LANI RESORT ASSOCIATION)  
**DATED:** June 3, 1982  
**FILED:** Land Court Document No. 1120889  
**RECORDED:** Liber 16425 Page 203

Said Declaration was amended and/or supplemented by the following instruments:

- (1) dated June 3, 1982, filed as Land Court Document No. 1121081, recorded in Liber 16428 at Page 456.
- (2) dated August 13, 1982, filed as Land Court Document No. 1129996, recorded in Liber 16545 at Page 345.
- (3) dated June 23, 1986, filed as Land Court Document No. 1380755, recorded in Liber 19613 at Page 236.
- (4) dated January 8, 1987, filed as Land Court Document No. 1432988, recorded in Liber 20284 at Page 384.
- (5) dated October 28, 1987, filed as Land Court Document No. 1507024, recorded in Liber 21287 at Page 398.
- (6) dated June 22, 1988, filed as Land Court Document No. 1560401, recorded in Liber 22084 at Page 131.
- (7) dated June 25, 1991, filed as Land Court Document No. 1832379, recorded as Document No. 91-089395.
- (8) dated ---- (acknowledged December 3, 1993 and December 24, 1993), filed as Land Court Document No. 2109682, recorded as Document No. 94-009533.
- (9) dated November 7, 1995, filed as Land Court Document No. 2281205, recorded as Document No. 95-168247.
- (10) dated October 16, 1998, filed as Land Court Document No 2537869, recorded as Document No. 98-155464.
- (11) dated April 30, 1999, filed as Land Court Document No. 2541614, recorded as Document No. 99-070732.
- (12) dated August 23, 1999, filed as Land Court Document No. 2597831, recorded as Document No. 99-204463.
- (13) dated May 22, 2002, recorded as Document No. 2002-101491.
- (14) dated April 18, 2003, recorded as Document No. 2003-090769.
- (15) dated February 24, 2004, recorded as Document No. 2004-044458.
- (16) dated December 23, 2004, recorded as Document No. 2004-262092.

- (17) dated January 7, 2005, recorded as Document No. 2005-006575.
- (18) dated February 2, 2005, filed as Land Court Document No. 3228828, recorded as Document No. 2005-026122.
- (19) dated March 10, 2005, effective as of February 8, 2005, filed as Land Court Document No. 3242340, recorded as Document No. 2005-053150.
- (20) dated June 26, 2006, recorded as Document No. 2006-132711.
- (21) dated December 18, 2006, filed as Land Court Document No. 3531826, recorded as Document No. 2006-235862.
- (22) dated December 18, 2006, filed as Land Court Document No. 3531827, recorded as Document No. 2006-235863.
- (23) dated September 3, 2008, filed as Land Court Document No. 3787689, recorded as Document No. 2008-141676.
- (24) dated October 20, 2008, filed as Land Court Document No. 3801641, recorded as Document No. 2008-166086.

The foregoing includes, but is not limited to, matters relating to Association liens which may be superior to certain mortgages.

By DESIGNATION OF DECLARANT AND CO-DECLARANT OF THE MAUNA LANI RESORT ASSOCIATION DECLARATION OF COVENANTS AND RESTRICTIONS AND ACCEPTANCE dated March 10, 1998, effective January 30, 1998, filed as Land Court Document No. 2445165 and also recorded as Document No. 98-033812, MAUNA LANI SERVICE, INC., a Hawaii corporation, is designated as Declarant, and MAUNA LANI RESORT (OPERATION), INC., a Hawaii corporation, is designated as Co-Declarant.

-Note:- Said above Declaration, as amended by the First, Second and Third Amendments, was amended in its entirety by the Fourth Amendment dated January 8, 1987, shown as Item (4) above. In the event of any conflict between the terms and conditions contained in the Declaration, or the First, Second and Third Amendments, and this Fourth Amendment, the Fourth Amendment shall be controlling.

- 3. The terms and provisions contained in unrecorded Bylaws of the Mauna Lani Resort Association filed with the Department of Commerce Affairs on December 22, 1982 and approved on March 24, 1983, as amended by instrument dated January 8, 1987, as set forth in AFFIDAVIT dated October 29, 2008, recorded as Document No. 2008-166085, and further amended by SECOND AMENDMENT OF THE BYLAWS OF THE MAUNA LANI RESORT ASSOCIATION dated October 2, 2008, recorded as Document No. 2008-170367.
- 4. The terms and provisions contained in unrecorded Association Rules adopted by the Board of Directors of the Association and approved by the affirmative vote or written consent of a majority of all of the Voting Rights of the Association on July 19, 2012, as set forth in AFFIDAVIT dated December 5, 2012, recorded as Document No. A-47280814.
- 5. The terms and provisions contained in the following:

INSTRUMENT :	CERTIFICATE
DATED:	April 22, 1986
RECORDED:	Liber 19452 Page 724
PARTIES:	MAUNA LANI RESORT, INC., a Hawaii corporation
RE:	reclassification of the land described therein from the Agricultural and Conservation districts to the Urban district

6. Matters as shown on survey map prepared by David B. Hatchell, Land Surveyor, with M & E Pacific, Inc., dated October 4, 2004 and December 21, 2004, as follows:
- (A) Side Yard Setback (20 ft.) & "No Access" Zone (20 ft.) along northerly boundary;
  - (B) Rear Yard Setback (20 ft.) & "No Access" Zone (20 ft.) along Mauna Lani Resort (South Course) 1st Fairway;
  - (C) Side Yard Setback (20 ft.) along easterly boundary; and
  - (D) Front Yard Setback (20 ft.) along South Kaniku Drive.

7. The terms and provisions contained in the following:

**INSTRUMENT :** LIMITED WARRANTY DEED

**DATED:** January 12, 2005

**RECORDED:** Document No. 2005-006576

Said Limited Warranty Deed was amended by instrument executed as of December 31, 2007, recorded as Document No. 2008-023059.

The foregoing includes, but is not limited to, matters relating to water reservation, and consent requirement for "bulk" sale.

8. DESIGNATION OF EASEMENT "W-1"

**PURPOSE:** waterline

**SHOWN:** on survey map attached as Exhibit "C-2" to the Limited Warranty Deed dated January 12, 2005, recorded as Document No. 2005-006576

9. The terms and provisions contained in the following:

**INSTRUMENT:** DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "THE RESIDENCES OF LAULE'A" CONDOMINIUM PROJECT

**DATED:** --- (acknowledged February 12, 2015)

**RECORDED:** Document No. A-55350679

**MAP:** 5382 and any amendments thereto

10. The terms and provisions contained in the following:

**INSTRUMENT:** BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS

**DATED:** --- (acknowledged February 12, 2015)

**RECORDED:** Document No. A-55350680

END OF EXHIBIT D

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

<u>Unit No.</u>	<u>Monthly Maint Fee</u>	<u>Annual Maint Fee</u>
1BR2	1,254	15,044
2BR1	1,249	14,985
3B1	1,249	14,985
4B2	1,254	15,044
5A2	1,317	15,807
6A1	1,317	15,807
7A1	1,317	15,807
8A1	1,317	15,807
9A2	1,317	15,807
10A2	1,317	15,807
11B1	1,249	14,985
12B2	1,254	15,044
13B1	1,249	14,985
14B2	1,254	15,044
15C1	966	11,589
16C2	977	11,728
17C3	971	11,656
-		
TOTAL	20,827	249,925

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

### ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Monthly Fee x 12 months = Yearly Total(\*\*)

**Utilities and Services**

Air Conditioning	-	-
Electricity		
<input checked="" type="checkbox"/> common elements only	\$100	-
<input type="checkbox"/> common element and units	-	-
Elevator	-	-
Gas		
<input checked="" type="checkbox"/> common elements only	\$144	\$1728
<input type="checkbox"/> common element and units	-	-
Refuse Collection	\$267	\$3200
Telephone	-	-
Water and Sewer	\$3915	\$46975

**Maintenance, Repairs and Supplies**

Building	-	-
Grounds	\$5446	\$65350
Pool Maintenance	\$2975	\$35700

**Management**

Management Fee	\$1100	\$13200
Payroll and Payroll Taxes	-	-
Office Expenses	\$25	\$300
Insurance	\$2800	\$33600
Reserves(*)	\$1667	\$20000
Resort Fee	\$2006	\$24072

**Taxes and Government Assessments**

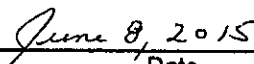
Audit Fees	\$250	\$3000
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Other (Legal/Professional)	\$133	\$1600
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TOTAL	\$20,827	\$249,925
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I, STEPHEN PETASKY, as President of ML Development GP, Inc., the General Partner of the Developer for The Residences of Laule'a condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
 \_\_\_\_\_  
 Signature

  
 \_\_\_\_\_  
 Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", Developer has conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. Developer discloses that no reserve study has been conducted in accordance with §514B-148, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules.

\*\* Yearly totals may appear inconsistent with monthly fees due to rounding.

Pursuant to §514B-148, HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

## EXHIBIT F

### SUMMARY OF SALES CONTRACT

The sales contract that will be used will state, in addition to the price, description and location of the Unit, and other terms and conditions under which a purchaser will agree to purchase a Unit in the Project, the following:

- (a) What a purchaser must do to qualify for a loan if the purchaser wants a mortgage loan to cover part of the purchase price.
- (b) That a purchaser's money will be held in escrow, under the terms of the escrow agreement.
- (c) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (d) That in the event purchaser fails to perform purchaser's obligations under the sales contract (seller not being in default), seller may (1) bring an action for damages for breach of contract, (2) retain the initial deposit and all additional deposits provided for herein as liquidated damages, and (3) purchaser shall be responsible for any costs incurred in accordance with the sales contract.
- (e) That in the event seller fails to perform seller's obligations under the sales contract (purchaser not being in default), purchaser may (1) bring an action for damages for breach of contract, (2) seek specific performance of the sales contract, and (3) seller shall be responsible for any costs incurred in accordance with the sales contract.

The sales contract will contain various other provisions which the purchaser should become acquainted with.

IT IS INCUMBENT ON THE PURCHASER TO READ THE FULL TEXT OF THE SALES CONTRACT.



## EXHIBIT G

### SUMMARY OF ESCROW AGREEMENT

A copy of the executed Escrow Agreement for the Project between Title Guaranty Escrow Services, Inc. ("Escrow") and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of the funds of a purchaser of the Condominium Unit (a "Purchaser") pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement specifically permits the disbursement of Purchaser's funds under a Sales Contract prior to closing, subject to certain conditions, including the Developer's satisfaction of the requirements set forth in HRS § 514B-92 or § 514B-93, to pay for certain Project costs, including costs of constructing the Project's buildings, fixtures and other improvements, Developer's architectural, engineering, finance and legal fees, and other incidental expenses of the Project (excluding marketing expenses and brokerage fees relating to the sales of units).

In the event that Hawaii Revised Statutes Chapter 514B entitles a Purchaser to a refund of Purchaser's Deposits held by Escrow, Escrow, upon instruction from Purchaser, will refund Purchaser's deposits.

Purchasers will compensate Escrow based on each unit bought in the Project. Escrow can arrange for the issuance of title insurance policies. A fee schedule is contained in the Escrow Agreement which purchasers may review.

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

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

## EXHIBIT H

### SUMMARY OF MAUNA LANI RESORT ASSOCIATION DECLARATION OF COVENANTS AND RESTRICTIONS

Capitalized terms shall have the same meaning ascribed to such terms in the Mauna Lani Resort Association Declaration of Covenants and Restrictions.

The Mauna Lani Resort Association Declaration of Covenants and Restrictions dated June 3, 1982, as amended and restated ("Resort Declaration") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

- A. A portion of the Kohala Coast of the island of Hawaii, State of Hawaii, including the land underlying the Condominium Project (all of which is the "Covered Property") and thus each Unit is subject to that certain Resort Declaration. The Resort Declaration was created to keep the Covered Property desirable, attractive, beneficial and suitable in architectural design, materials, and appearance, and to enhance the natural beauty and protection of owners within the Covered Property. Under the Resort Declaration, an organization called the Mauna Lani Resort Association ("Resort Association") was established to develop to promote these and other objectives.
- B. The Resort Association is a nonprofit corporation. Every Owner, which includes the record owner, whether one or more persons or entities, of fee simple title to the real property improvements which is part of the Covered Property, is a member of the Resort Association. Each Condominium Unit shall have one (1) vote in a vote of the membership. The voting rights of other classes of Owners are set forth in the Bylaws of the Mauna Lani Resort Association.
- C. Each member is responsible for a portion of the Resort Association's expenses. Each Condominium Unit Owner shall be responsible for its proportionate share of these expenses. In the case of the Condominium Project, the general assessments due from the Condominium Project's Owners shall be levied by the Resort Association to the Condominium Association in equal quarterly or monthly installments (or in such other reasonable manner) which shall then assess and collect such amounts from the Owners. With respect to Residential Owners, the annual assessment may not, without the vote or written assent of a majority of the voting power of the Association residing in the Residential Owners, impose a general annual assessment which is more than ten percent (10%) greater than the general assessment for the immediately preceding fiscal year. There may be additional assessments (e.g. additional general assessments, supplemental general assessments, and/or special assessments) as determined by the Resort Association. Each member's interest in or rights to its respective portion of the Covered Property may be subject to a lien in order to secure the member's payment of its share of the Resort Association's assessments.
- D. The Restrictive Covenants regarding the use of the Covered Property is set forth in Article V. of the Resort Declaration.
- E. Generally, the Resort Association's Declaration may be amended as follows:
  1. By the Declarant, Mauna Lani Resort, Inc., designated Declarant Mauna Lani Service, Inc. and designated Co-Declarant Mauna Lani Resort (Operation), Inc. (or such other person or entity to the extent it is designated as Declarant or Co-Declarant by Mauna Lani Resort, Inc. and it accepts the rights and obligations of Declarant under the Resort Declaration in a recorded document), to effect changes or amendments required by an administrative agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to marketing any portion of the Mauna Lani Resort; or

2. By a majority vote of the Board of the Resort Association, 2/3 vote of all Voting Rights of the Association, and a majority vote of the Residential Owners.

F. The Resort Declaration is effective through June 3, 2057.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE RESORT DECLARATION. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE RESORT DECLARATION, PURCHASER MUST REFER TO THE RESORT DECLARATION TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE RESORT DECLARATION, THE RESORT DECLARATION WILL CONTROL.