

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

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

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on

MOLOKAI SHORES
Kamiloloa, Molokai, Hawaii

REGISTRATION NO. 882

IMPORTANT — Read This Report Before Buying

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

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

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

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

Issued: November 3, 1976
Expires: December 3, 1977

SPECIAL ATTENTION

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

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED OCTOBER 5, 1976, AND INFORMATION SUBSEQUENTLY FILED AS OF OCTOBER 25, 1976. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, CHAPTER 514, HAWAII REVISED STATUTES.

1. MOLOKAI SHORES is a leasehold condominium project consisting of 3 three-story buildings (Buildings A, B and C) containing 102 residential apartments, 2 one-story buildings containing 2 commercial/residential apartments, a manager's office, a storage room and a laundry room, and a one-story maintenance building. There will be a total of 131 parking stalls (plus 2 loading stalls) which shall be part of the common elements of the project. There will be no specific assignments of parking stalls to any apartment.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and the issuance of this Final Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime and the Bylaws dated October 1, 1976 have been filed in the Bureau of Conveyances of the State of Hawaii in Liber 11714, at page 466, and that the Condominium Map has been filed as Condominium Map No. 473.
4. As of this date no advertising and promotional matters have been submitted to the Commission pursuant to its rules and regulations.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Final Public Report automatically expires thirteen (13) months after the date of issuance, November 3, 1976, unless a Supplementary Public Report issues, or the Commission, upon review of registration, issues an order extending the effective date of this report.
7. This Final Public Report is made a part of the registration of MOLOKAI SHORES condominium project. The Developer has the responsibility of placing a true copy of this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt for the Final Public Report from each purchaser.

NAME OF PROJECT: MOLOKAI SHORES

LOCATION: The project is located at Kamiloloa, Molokai, Hawaii, and consists of approximately 4.065 acres.

TAX KEY: 5-4-02:13 (consolidated from 13, 54, 55), Second Division

ZONING: H-1, Hotel-Resort

DEVELOPER: MOLOKAI SHORES COMPANY, a Hawaii partnership consisting of Aloe Development Corp., a Hawaii corporation, and Polynesian Shores, Inc., a Hawaii corporation, is the developer of the project and has its principal place of business and post office address at 195 South King Street, Honolulu, Hawaii, 96813. The officers of Aloe Development Corp. are: Mun On Chun, President; Merton S. C. Lau, Senior Vice-President; Clifford H. N. Yee, Vice-President; Daniel B. T. Lau, Secretary/Treasurer. The officers of Polynesian Shores, Inc. are: Wadsworth Yee, President; Michael M. C. Yee, Vice-President; Hunnie C. Yee, Secretary/Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Chun, Kerr & Dodd (Attention: Edward Y. C. Chun or Melvin Y. Kaneshige), 14th Floor, Amfac Building, 700 Bishop Street, Honolulu, Hawaii 96813; telephone: 531-6575.

DESCRIPTION OF PROJECT AND APARTMENTS: The project consists of 3 three-story buildings (Buildings A, B and C) containing 102 residential apartments, 2 one-story buildings containing 2 commercial/residential apartments, a manager's office, a storage room and a laundry room, and a one-story maintenance building. The buildings will be constructed principally of wood, glass and appropriate trim. Buildings A, B and C will each have 3 floors with a total of 48, 36 and 18 residential apartments respectively. The 3 floors of Buildings A, B and C will contain 16, 12 and 6 residential apartments respectively on each floor with connecting stairways to the first floor (ground level). One of the one-story buildings contains a manager's office and a storage room; the other contains 2 commercial/residential apartments and a laundry room. Each apartment has immediate access to the entryways and stairways adjacent to such apartment and walkways connecting to parking areas of the project. The layout, location, unit price and number of each are shown on the Condominium Map.

There are five (5) residential apartment types designated as Types A, B, C, D and E. Types A, B and C are two-bedroom residential apartment dwelling units, each of which includes two bedrooms, one living-dining room, two bathrooms, a kitchen area and a lanai. Types D and E are one-bedroom residential apartment dwelling units, each of which includes one bedroom, one living-dining room, a bathroom, a kitchen area and a lanai. There is only one (1) type of commercial/residential apartment which includes one room.

There are forty-eight (48) residential apartments in Building A. Each floor in Building A contains sixteen (16) residential apartments: 1 two-bedroom apartment (Type A) and 15 one-bedroom apartments (8 Type D and 7 Type E).

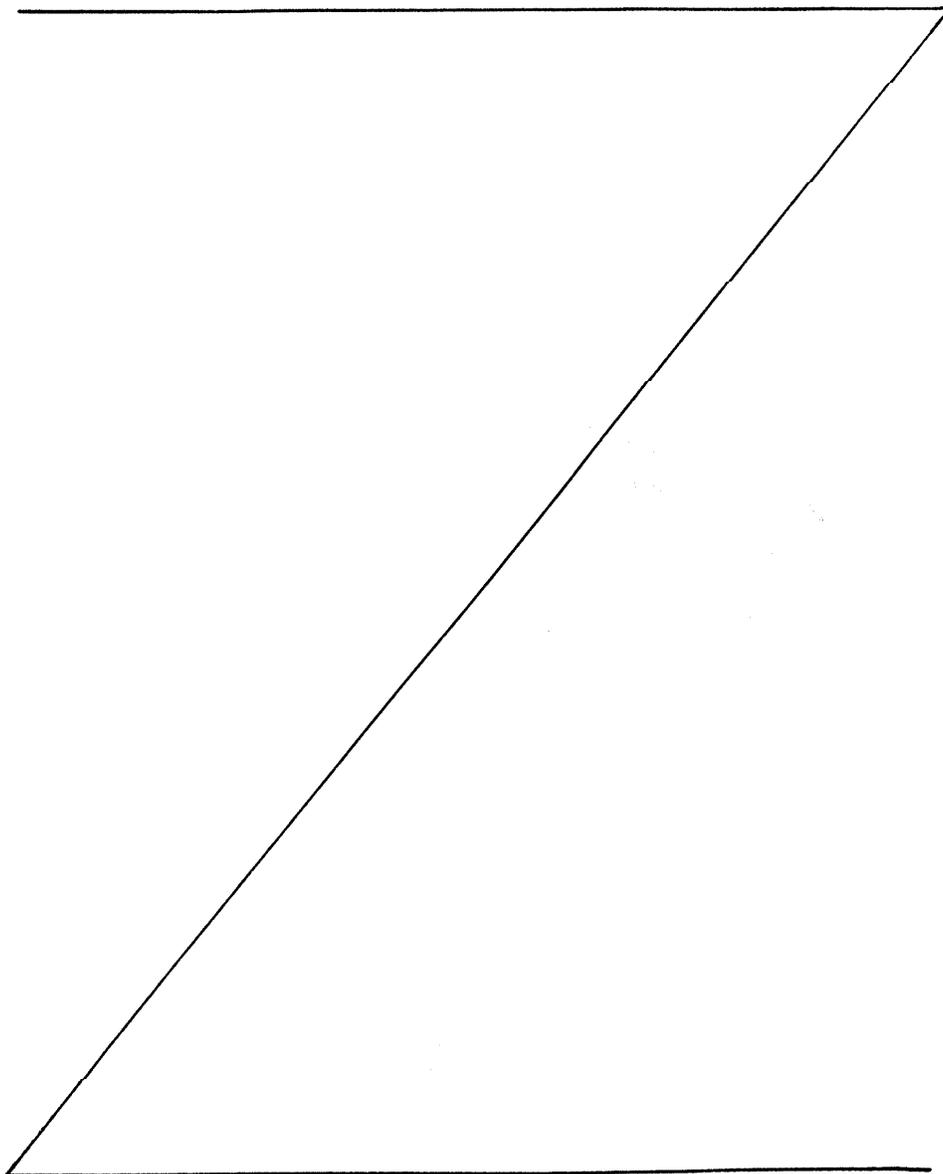
There are thirty-six (36) residential apartments in Building B. Each floor of Building B contains twelve (12) residential apartments: 2 two-bedroom apartments (1 Type B and 1 Type C) and 10 one-bedroom apartments (5 Type D and 5 Type E).

There are eighteen (18) residential apartments in Building C. Each floor of Building C contains six (6) residential apartments: 1 two-bedroom apartment (Type C) and 5 one-bedroom apartments (2 Type D and 3 Type E).

All third floor residential apartments contain a storage loft area not found in first or second floor residential apartments.

Each residential apartment has immediate access to an entry way and, except for the first floor residential apartments, to a stairway which is part of the common elements.

Each residential apartment number has three digits, the first digit indicating the floor level of the apartment. The last two digits in all residential apartment numbers indicate the position of the apartment on its floor. The apartments on each floor are numbered sequentially from one end of a floor to the other. The plan for each apartment and apartment numbers are listed below:



<u>Apartment No.</u>	<u>Type</u>	<u>Number of Bedrooms</u>	<u>Interior Livable Area (sq. ft.)</u>	<u>Storage Loft (sq. ft.)</u>	<u>Lanai (sq. ft.)</u>	<u>Total Area (sq. ft.)</u>	<u>Percentage Interest in Common Elements</u>
BUILDING A							
101	A	2 br	805.242	n/a	348.573	1153.815	1.30253
102	D	1 br	562.950	"	97.500	660.450	.93201
103	E	"	562.950	"	97.500	660.450	.93201
104	D	"	562.950	"	97.500	660.450	.93201
105	E	"	562.950	"	97.500	660.450	.93201
106	D	"	562.950	"	97.500	660.450	.93201
107	E	"	562.950	"	97.500	660.450	.93201
108	D	"	562.950	"	97.500	660.450	.93201
109	E	"	562.950	"	97.500	660.450	.93201
110	D	"	562.950	"	97.500	660.450	.93201
111	E	"	562.950	"	97.500	660.450	.93201
112	D	"	562.950	"	97.500	660.450	.93201
113	E	"	562.950	"	97.500	660.450	.93201
114	D	"	562.950	"	97.500	660.450	.93201
115	E	"	562.950	"	97.500	660.450	.93201
116	D	"	562.950	"	97.500	660.450	.93201
201	A	2 br	805.242	"	338.405	1143.647	1.30253
202	D	1 br	562.950	"	92.500	655.450	.93201
203	E	"	562.950	"	92.500	655.450	.93201
204	D	"	562.950	"	92.500	655.450	.93201
205	E	"	562.950	"	92.500	655.450	.93201
206	D	"	562.950	"	92.500	655.450	.93201
207	E	"	562.950	"	92.500	655.450	.93201
208	D	"	562.950	"	92.500	655.450	.93201
209	E	"	562.950	"	92.500	655.450	.93201
210	D	"	562.950	"	92.500	655.450	.93201
211	E	"	562.950	"	92.500	655.450	.93201
212	D	"	562.950	"	92.500	655.450	.93201
213	E	"	562.950	"	92.500	655.450	.93201
214	D	"	562.950	"	92.500	655.450	.93201
215	E	"	562.950	"	92.500	655.450	.93201
216	D	"	562.950	"	92.500	655.450	.93201

<u>Apartment No.</u>	<u>Type</u>	<u>Number Of Bedrooms</u>	<u>Interior Livable Area (sq. ft.)</u>	<u>Storage Loft (sq. ft.)</u>	<u>Ianai (sq. ft.)</u>	<u>Total Area (sq. ft.)</u>	<u>Percentage Interest in Common Elements</u>
BUILDING A							
301	A	2 br	805.242	218.336	338.405	1361.983	1.30253
302	D	1 br	562.950	218.336	92.500	873.786	.93201
303	E	" "	562.950	218.336	92.500	873.786	.93201
304	D	" "	562.950	218.336	92.500	873.786	.93201
305	E	" "	562.950	218.336	92.500	873.786	.93201
306	D	" "	562.950	218.336	92.500	873.786	.93201
307	E	" "	562.950	218.336	92.500	873.786	.93201
308	D	" "	562.950	218.336	92.500	873.786	.93201
309	E	" "	562.950	218.336	92.500	873.786	.93201
310	D	" "	562.950	218.336	92.500	873.786	.93201
311	E	" "	562.950	218.336	92.500	873.786	.93201
312	D	" "	562.950	218.336	92.500	873.786	.93201
313	E	" "	562.950	218.336	92.500	873.786	.93201
314	D	" "	562.950	218.336	92.500	873.786	.93201
315	E	" "	562.950	218.336	92.500	873.786	.93201
316	D	" "	562.950	218.336	92.500	873.786	.93201
BUILDING B							
117	B	2 br	805.242	n/a	295.161	1100.403	1.30253
118	D	1 br	562.950	"	97.500	660.450	.93201
119	E	" "	562.950	"	97.500	660.450	.93201
120	D	" "	562.950	"	97.500	660.450	.93201
121	E	" "	562.950	"	97.500	660.450	.93201
122	D	" "	562.950	"	97.500	660.450	.93201

<u>Apartment No.</u>	<u>Type</u>	<u>Number of Bedrooms</u>	<u>Interior Livable Area (sq. ft.)</u>	<u>Storage Loft (sq. ft.)</u>	<u>Lanai (sq. ft.)</u>	<u>Total Area (sq. ft.)</u>	<u>Percentage Interest in Common Elements</u>
BUILDING B							
123	E	1 br	562.950	n/a	97.500	660.450	.93201
124	D	" "	562.950	" "	97.500	660.450	.93201
125	E	" "	562.950	" "	97.500	660.450	.93201
126	D	" "	562.950	" "	97.500	660.450	.93201
127	E	" "	562.950	" "	97.500	660.450	.93201
128	C	2 br	768.265	" "	322.448	1090.713	1.30253
217	B	2 br	805.242	" "	276.207	1081.449	1.30253
218	D	1 br	562.950	" "	92.500	655.450	.93201
219	E	" "	562.950	" "	92.500	655.450	.93201
220	D	" "	562.950	" "	92.500	655.450	.93201
221	E	" "	562.950	" "	92.500	655.450	.93201
222	D	" "	562.950	" "	92.500	655.450	.93201
223	E	" "	562.950	" "	92.500	655.450	.93201
224	D	" "	562.950	" "	92.500	655.450	.93201
225	E	" "	562.950	" "	92.500	655.450	.93201
226	D	" "	562.950	" "	92.500	655.450	.93201
227	E	" "	562.950	" "	92.500	655.450	.93201
228	C	2 br	768.265	" "	305.682	1073.947	1.30253
317	B	2 br	805.242	" "	276.207	1299.785	1.30253
318	D	1 br	562.950	218.336	92.500	873.786	.93201
319	E	" "	562.950	218.336	92.500	873.786	.93201
320	D	" "	562.950	218.336	92.500	873.786	.93201
321	E	" "	562.950	218.336	92.500	873.786	.93201
322	D	" "	562.950	218.336	92.500	873.786	.93201
323	E	" "	562.950	218.336	92.500	873.786	.93201
324	D	" "	562.950	218.336	92.500	873.786	.93201
325	E	" "	562.950	218.336	92.500	873.786	.93201
326	D	" "	562.950	218.336	92.500	873.786	.93201
327	E	" "	562.950	218.336	92.500	873.786	.93201
328	C	2 br	768.265	218.336	305.601	1292.283	1.30253

<u>Apartment No.</u>	<u>Type</u>	<u>Number Of Bedrooms</u>	<u>Interior Livable Area (sq. ft.)</u>	<u>Storage Loft (sq. ft.)</u>	<u>Lanai (sq. ft.)</u>	<u>Total Area (sq. ft.)</u>	<u>Percentage Interest in Common Elements</u>
BUILDING C							
129	E	1 br	562.950	n/a	97.500	660.450	.93201
130	D	" "	562.950	"	97.500	660.450	.93201
131	E	" "	562.950	"	97.500	660.450	.93201
132	D	" "	562.950	"	97.500	660.450	.93201
133	E	" "	562.950	"	97.500	660.450	.93201
134	C	2 br	768.265	"	332.448	1090.713	1.30253
229	E	1 br	562.950	"	92.500	655.450	.93201
230	D	" "	562.950	"	92.500	655.450	.93201
231	E	" "	562.950	"	92.500	655.450	.93201
232	D	" "	562.950	"	92.500	655.450	.93201
233	E	" "	562.950	"	92.500	655.450	.93201
234	C	2 br	768.265	"	305.682	1073.947	1.30253
329	E	1 br	562.950	218.336	92.500	873.786	.93201
330	D	" "	562.950	218.336	92.500	873.786	.93201
331	E	" "	562.950	218.336	92.500	873.786	.93201
332	D	" "	562.950	218.336	92.500	873.786	.93201
333	E	" "	562.950	218.336	92.500	873.786	.93201
334	C	2 br	768.265	218.336	305.682	1292.283	1.30253

**COMMERCIAL/RESIDENTIAL
APARTMENTS**

A	1 *	n/a	n/a	n/a	n/a	295	.24437
B	1 *	n/a	n/a	n/a	n/a	295	.24437

*Number of Rooms

The square foot floor area of each apartment shown above includes a portion of the common elements and is measured as follows: Each apartment floor area includes all the walls and partitions within its perimeter walls, any glass windows or panels along the perimeter; the entirety of perimeter nonparty walls and the interior half of the perimeter party walls, whether loadbearing or nonloadbearing; the inner decorated or finished surfaces of the floors and ceilings; and any adjacent lanai and storage loft space shown on said Condominium Map.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, interior load-bearing walls, or the interior party walls, the floors and ceiling surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not loadbearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, windows or panels along the perimeters, and all fixtures originally installed therein. Each apartment shall also include the lanai to which such apartment has direct, exclusive access.

COMMON ELEMENTS: The common elements will include the land and all improvements on the land (except for all portions thereof which are apartments) as well as all common elements mentioned in Chapter 514, Hawaii Revised Statutes, which are actually included in the project, including specifically but not limited to:

(a) Said land (which is intended to be leased to apartment owners separately and apart from the conveyance or other transfer of the apartment); (b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, chases, entries, stairways and roofs; (c) all yards, grounds, landscaping, retaining walls, the maintenance building, the swimming pool and other recreational facilities, all refuse facilities, and the sewage treatment plant; (d) all parking areas and spaces, driveways and walkways; (e) the manager's office, storage room and laundry room; (f) all ducts, electrical equipment, central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone, radio and television signal distribution; (g) 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.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED TO PURCHASERS:

Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting as follows:

<u>Unit Type</u>	<u>Common Interest Percentage</u>	<u>Number of Apartments of Each Unit Type</u>	<u>Total</u>
Two-bedroom	1.30253	12	15.63036
One-bedroom	0.93201	90	83.88090
Commercial/ Residential	0.24437	2	0.48874
			100.00000

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: With the exception of a mortgagee in possession of an apartment following a default under a mortgage encumbering an apartment in the project, a foreclosure proceeding or other arrangement in lieu of foreclosure, a residential apartment shall at all times be occupied and used only for residential purposes, including hotel purposes if so approved by the Association, by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose, and the two commercial/residential apartments shall at all times be occupied and used only for commercial or residential purposes, including hotel purposes if so approved by the Association, by the respective owners thereof, their tenants and licensees and for no other purpose.

OWNERSHIP OF TITLE: The Developer has filed with the Commission a Preliminary Report, dated October 14, 1976, prepared by Security Title Corporation, which certifies that title to the land committed to this regime is vested in Molokai Shores Company, a Hawaii partnership, as lessee under that certain Indenture of Lease dated July 1, 1976, recorded on October 4, 1976 in the Bureau of Conveyances of the State of Hawaii in Liber 11714 at page 441, made by and between Finance Investment Company, Limited and Polynesian Shores, Inc., Hawaii corporations, as Lessor, and Molokai Shores Company, a Hawaii partnership, as Lessee, for a term of five (5) years, commencing as of July 1, 1976, to and including June 30, 1981.

ENCUMBRANCES: The Preliminary Report prepared by Security Title Corporation states that as of the date of the search, title to the land is subject to:

1. For any taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor, Second Division.
2. As to that portion of the land herein described bordering on the Ocean:

The effect of Sections 205-31 to 205-37, inclusive, Hawaii Revised Statutes, as now or hereafter amended pertaining to shoreline setbacks.

3. Any adverse claim of State of Hawaii based upon the contention that some portion of the land hereinafter described lies seaward of the line of vegetation, pursuant to the ruling in County of Hawaii v. Sotomura [1973] 55 H. 176, 517 P. 2d 57.
4. "RESERVING TO THE STATE OF HAWAII, ITS SUCCESSORS AND ASSIGNS, THE FOLLOWING:
 - (1) All minerals as hereinafter defined, in, on or under the land and the right, on its own behalf or through persons authorized by it, to enter, sever, prospect for, mine and remove such minerals by deep mining, strip mining, drilling and any other means whatsoever, and to occupy and use so much of the surface of the land as may be required therefor. 'Minerals', as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver, bauxite, bauxitic clay, diaspore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and, without limitation thereon, all other mineral substances and ore deposits, whether solid, gaseous or liquid, in, on or under the land; provided, that 'mineral' shall not include sand, gravel, rock or other material suitable for use and when used in road construction.
 - (2) All surface and ground waters appurtenant to the said land and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of said land as may be required in the exercise of this reserved right.", as reserved in Land Patent No. S-15,162 dated March 6, 1974.
5. "THIS PATENT is subject to the following condition:

This use of the foregoing remnant, whether in combination, consolidation or otherwise with other lands, shall be in accordance with the appropriate zoning and subdivision ordinances of the County of Maui", as contained in said Land Patent (Grant) No. S-15,162 dated March 6, 1974.
6. Agreement Granting Clear Space Easement to Maui County dated October 30, 1975, recorded on November 25, 1975 in the Bureau of Conveyances of the State of Hawaii in Book 11045 Page 509, in favor of COUNTY OF MAUI, a political subdivision of the State of Hawaii, granting an easement of open and clear space for the purpose of preserving clear and unobstructed view from Kamehameha Highway to the sea, above and across the parcels of land herein described.

7. Mortgage dated August 4, 1976, recorded on August 4, 1976 in said Bureau of Conveyances in Book 11575 Page 291, made by POLYNESIAN SHORES, INC. and FINANCE INVESTMENT COMPANY, LIMITED, both Hawaii corporations, as Mortgagors, to AMERICAN SECURITY BANK, a Hawaii banking corporation, as Mortgagee, to secure the repayment of the sum of \$3,200,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagors therein referred to.
8. Mortgage dated August 4, 1976, recorded on August 6, 1976 in said Bureau of Conveyances in Book 11581 Page 592, made by POLYNESIAN SHORES, INC. and FINANCE INVESTMENT COMPANY, LIMITED, Hawaii corporations, as Mortgagors, to FINANCE FACTORS, LIMITED, a Hawaii corporation, as Mortgagee, to secure the repayment of the sum of \$829,360.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagors therein referred to.
9. The terms and provisions of that certain Lease dated July 1, 1976, recorded on October 4, 1976, in the Bureau of Conveyances of the State of Hawaii in Book 11714 at Page 441, made by and between FINANCE INVESTMENT COMPANY, LIMITED and POLYNESIAN SHORES, INC., Hawaii corporations, as Lessor, and MOLOKAI SHORES COMPANY, a Hawaii partnership, as Lessee.
10. Condominium Map No. 473, filed in the Bureau of Conveyances of the State of Hawaii on October 4, 1976.
11. The covenants, agreements, obligations, conditions and other provisions set forth in that certain Declaration of Horizontal Property Regime of MOLOKAI SHORES, dated October 1, 1976, recorded on October 4, 1976 in said Bureau of Conveyances in Book 11714 Page 466, and the By-Laws attached thereto, to which reference is hereby made.

PURCHASE MONEY HANDLING: A copy of the specimen sales contract and the escrow agreement has been submitted as part of the registration. The escrow agreement dated October 5, 1976, identifies HONOLULU MORTGAGE CO., LTD., as the escrow agent. Upon examination, the specimen sales contract and the executed escrow agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes, and particularly with Sections 514-35 and 514-36 through 514-40, Hawaii Revised Statutes.

Among other provisions the executed escrow agreement provides that a purchaser under contract of sale, upon written request, shall be entitled to a refund of all monies deposited with escrow, with interest, if any, and less any cancellation fee if any one of the following shall have occurred: (a) Developer has requested escrow in writing to return to purchaser the funds of such purchase then held by escrow; or (b) if less than forty-eight (48) hours has elapsed since purchaser has acknowledged receipt of a true copy of the Real Estate Commission's Final Public Report.

The specimen sales contract provides that if the purchasers who have agreed to obtain mortgage loans have not secured commitments therefor satisfactory to Developer, Developer may cancel the sales contracts and refund all monies paid by the purchasers without interest. The specimen sales contract also provides that if less than sixty percent (60%) of the apartments in the project are sold prior to the closing of the sale of the first apartment in the project, Developer may, at its option, terminate the sales contract and refund all payments made by purchaser with interest, if any, credited to purchaser's account as provided for in the escrow agreement. Upon tender of such refund to purchaser, Developer and purchaser shall be released from all obligations to each other under the sales contract.

NOTE: Prospective purchasers should be aware that the Developer's mortgage loans (interim, renewals & extensions) used for the construction of the project shall be and remain at all times a superior lien on the project, and purchasers intentionally waive and subordinate the priority of lien under the sales contract or reservation agreement in favor of such mortgage loans.

PROGRAM OF FINANCING: The Developer has complied with the provisions of Section 514-15, Hawaii Revised Statutes, by filing with the Commission the following:

1. Developer's verified statement of total development cost.
2. Developer's verified estimated completion date of the project.
3. A performance bond in the amount of not less than 100% of the construction contract price, dated June 10, 1976, issued by Honsador, Inc., as surety, and Rovens Construction Corporation, as principal.
4. Agreement dated June 10, 1976, by and between Aloe Development Corp. and Polynesian Shores, Inc., as Developer, and Rovens Construction Corp., as contractor.
5. A commitment letter from American Security Bank providing the interim loan dated August 3, 1976. Said loan has been executed and has been recorded as noted above.

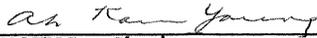
MANAGEMENT AND OPERATION: Article IV Section 2 of the Bylaws states that the Board of Directors shall at all times employ a responsible corporate managing agent to manage and control the property subject at all times to direction by the Board of Directors. The developer contemplates that Aaron M. Chaney, Inc. will be the initial managing agent.

STATUS OF PROJECT: The Developer advises that construction of the project has commenced on August 9, 1976, and will be completed about May 10, 1977.

The purchaser or prospective purchaser should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted October 5, 1976, and information subsequently filed as of October 25, 1976.

THIS FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 882 filed with the Commission on October 5, 1976.

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



AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

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HONOLULU MORTGAGE CO., LTD.

DATE: November 3, 1976
REGISTRATION NO. 882