

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

## PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT ON

MAUI HILL  
Kamaole, Kihei, Maui

REGISTRATION NO. 1177

### 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 but may only take reservations therefore after

- (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 5, 1979  
Expires: December 5, 1980

#### SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON SEPTEMBER 17, 1979, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF OCTOBER 29, 1979. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. MAUI HILL is a proposed leasehold condominium project consisting of one hundred forty (140) residential apartment units, all to be built in accordance with floor plans filed with the Real Estate Commission. The project will contain one hundred eighty-two (182) parking spaces.
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 issuance of this Preliminary Public Report. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt for this Preliminary Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.
3. Advertising and promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners, and a copy of the Condominium Map) have not been filed in the Bureau of Conveyances of the State of Hawaii.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, and the Rules and Regulations of the Hawaii Real Estate Commission which relates to Horizontal Property Regimes
6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, November 5, 1979, unless a Supplementary or Final Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: MAUI HILL

LOCATION: The project is located on Kihei Road at Kamaole, Kihei, Island of Maui, State of Hawaii. A Preliminary Title Report issued by Title Guaranty of Hawaii, Incorporated, dated August 31, 1979, indicates that the land consists of 12.247 acres.

TAX KEY: Second Division, 3-9-4-81

ZONING: A-1 Apartment

DEVELOPER: Kraus-Anderson of St. Paul Development Corporation, a Minnesota corporation, whose principal place of business is 523 South Eighth Street, Minneapolis, Minnesota 55404. Telephone No. (612)332-1241. The current officers of Kraus-Anderson of St. Paul Development Corporation are:

William J. Jaeger, Jr.	President
John W. Schletty	Vice President
Dennis J. Spalla	Vice President
Dale L. Cremers	Vice President
Lloyd Engelsma	Secretary/Treasurer
Loren R. Knott	Assistant Vice President
	Assistant Secretary
Burton F. Dahlberg	Assistant Secretary
Charles Buchholz	Assistant Treasurer

ATTORNEY REPRESENTING DEVELOPER: Carlsmith & Dwyer, Suite 2102, Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813 (Attention: Charles Edward Pear, Jr. or Curtis W. Carlsmith), Tel. No. 524-7200.

DESCRIPTION OF THE PROJECT:

A. Description of Buildings: The property shall contain 12 separate apartment buildings (referred to on the condominium map as "clusters") designated as buildings "A" through "L", and constructed principally of wood, glass, concrete and gypsum board. Buildings "A", "D" and "F" shall contain 10 apartments each; buildings "B", "C", "E", "G", "H", "I", "J" and "K" shall contain 12 apartments each; and building "L" shall contain 14 apartments. No building exceeds two stories plus a loft in height and no building contains a basement.

In addition to the apartment buildings, there shall also be a recreation building and a maintenance building, both of which consist of one story, without basement, and contain no apartments.

B. Description of the Apartments: One hundred and forty (140) separate condominium apartments are designated in the spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of the one hundred and forty (140) apartment units (specifically including the appurtenant lanais) of the property, distributed among the 12 apartment buildings in the property as described above, which spaces (including appurtenant lanai air spaces) are referred to herein as "apartments", and are designated on said condominium map and described as follows:

(1) Apartment Numbers and Locations: The apartments are numbered from 1 to 140. The apartment buildings are located such that six (6) buildings are situated along the north perimeter of the project, and the other six (6) buildings are situated along the south perimeter of the project. The buildings are designated as follows: From the northwest corner of the property the buildings are designated A, B, C, G, H and I along the north perimeter of the land. From the southwest corner of the property the buildings are designated D, E, F, J, K and L along the south perimeter of the land. Each building contains six (6) distinct but connected pods (except building D which contains 4 pods, building F which contains 5 pods, and building L which contains 7 pods), each pod consisting of two apartments, one on the first level and one on the second level. The numbering of the apartments in each building runs consecutively among the pods from west to east except in building J where the numbering runs consecutively from north to south. The numbering is such that the apartment number will be preceded by a letter, which letter will designate the building in which the apartment is

located. Further, the apartment on the second level of any particular pod will receive the number immediately subsequent to the number received by the apartment on the first level. Apartments 1 to 10 are located in building A; 11 to 22 in building B; 23 to 34 in building C; 35 to 44 in building D; 45 to 56 in building E; 57 to 66 in building F; 67 to 78 in building G; 79 to 90 in building H; 91 to 102 in building I; 103 to 114 in building J; 115 to 126 in building K; and 127 to 140 in building L. The apartment numbers and locations are more fully illustrated on the condominium map.

(2) Layout and Area of Individual Apartments: The apartments are constructed according to basically three different floor plans. A description of each of said floor plans, designating the layout, number of rooms and approximate area of each apartment is as follows:

I. Each Type I apartment shall consist of one bedroom, one bathroom, living room, dining room, kitchen, storage room, and two lanais. Each such apartment shall have an approximate enclosed floor area of 817 square feet, lanais of approximately 217 square feet combined, with a total approximate floor area of 1,034 square feet. The following forty-four (44) apartments are Type I apartments: 15, 16, 17, 18, 27, 28, 29, 30, 35, 36, 37, 38, 39, 40, 41, 42, 49, 50, 51, 52, 71, 72, 73, 74, 83, 84, 85, 86, 95, 96, 97, 98, 107, 108, 109, 110, 119, 120, 121, 122, 131, 132, 133 and 134. Each Type I apartment shall have appurtenant thereto an undivided .5520 percentage interest in all common elements.

II. Each Type II apartment shall consist of two bedrooms, two bathrooms, living room, dining room, kitchen, storage room, and two lanais. Each such apartment shall have an approximate enclosed floor area of 1,115 square feet, lanais of approximately 282 square feet combined, with a total approximate floor area of 1,397 square feet. The following seventy-three (73) apartments are Type II apartments: 1, 3, 5, 6, 7, 8, 9, 11, 12, 13, 14, 19, 21, 23, 24, 25, 26, 31, 33, 43, 45, 47, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 66, 67, 69, 75, 76, 77, 78, 79, 81, 87, 88, 89, 90, 91, 93, 99, 100, 101, 102, 103, 104, 105, 106, 111, 113, 115, 117, 123, 124, 125, 126, 127, 129, 135, 136, 137, 138, 139, and 140. Each Type II apartment shall have appurtenant thereto an undivided .7465 percentage interest in all common elements.

III. Each Type III apartment shall be a two-story apartment consisting of three bedrooms, three bathrooms, living room, dining room, kitchen, storage room and three lanais. Each such apartment shall have an approximate enclosed floor area of 1,395 square feet, lanais of approximately 293 square feet combined, with a total approximate floor area of 1,688 square feet. The following twenty-three (23) apartments are Type III apartments: 2, 8, 10, 20, 22, 32, 34, 44, 46, 48, 65, 68, 70, 80, 82, 92, 94, 112, 114, 116, 118, 128, and 130. Each Type III apartment shall have appurtenant thereto an undivided .9225 percentage interest in all common elements.

(3) Access to Common Elements: Each apartment has immediate access to the grounds of the property or to a walkway or stairway leading to the grounds of the property and to Kihei Road.

(4) Other Data Identifying and Defining the Apartments: The respective apartments shall not be deemed to include: the perimeter or party walls or the undecorated or unfinished surfaces thereof; the exterior surfaces of all party walls, doors, door frames, windows, and window frames; the interior load-bearing walls; awnings (if any); the floor and ceiling surrounding each apartment; any pipes, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment; all of the foregoing being common elements as hereinafter provided. Each apartment shall be deemed to include: all the walls and partitions which are not load-bearing within its perimeter or party walls; the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames, windows and window frames; any interior staircases; the lanai air space (if any); and all fixtures originally installed in the apartment.

COMMON ELEMENTS: One freehold estate is hereby designated in all of the remaining portions of the property, herein called the "common elements", including specifically but not limited to:

(1) Said land in fee simple;

(2) All structural components, such as foundations, beams, supports, main walls, roofs, halls, corridors, lobbies, exterior stairs, stairways and fire escapes, entrances, exits, floor slabs, unfinished perimeter, party and load-bearing walls, awnings and walkways of said buildings;

(3) All common spaces such as yards, gardens, planting areas, picnic areas, swimming pool, tennis court, other recreational facilities, storage space, trash collection areas, waste storage yard, all parking areas, driveways and access lanes;

(4) All common premises such as the recreation building and maintenance building, and other premises for the use of janitors or other persons employed for operation of the property, if any;

(5) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under, or across the property which serve more than one apartment for services such as power, light, hot water, cold water, incineration, sewage, telephone and television signal distribution, if any;

(6) Any apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, vents, and other such installations and apparatus; and

(7) All other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows: all common elements of the property which are rationally related to

less than all of said apartments shall be limited common elements appurtenant to the apartments to which they are so related.

COMMON INTEREST. Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the property (herein called the "common interest"), and the same proportionate share in all common profits and expenses of the property and for all other purposes, including voting, as follows:

Type I	.5520
Type II	.7465
Type III	.9225

EASEMENTS. The apartments and common elements, including limited common elements, shall have and be subject to the following easements:

A. Each apartment shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes as ingress to, egress from, utility services for and support, maintenance and repair of such apartment, and shall also have the right to use the other common elements (subject, however, to the exclusive or limited use of the limited common elements) in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners.

B. In the case of minor encroachments of common elements upon any apartment or limited common elements, or in the case of minor encroachments of limited common elements or any apartment upon the common elements or any other apartment or limited common elements, a valid easement for such encroachment and maintenance thereof shall and does exist for so long as such encroachment continues. In the event any building of the property shall be partially or totally destroyed and then rebuilt, or in the event of any shifting, settlement or movement of any portion of the property, minor encroachments upon any part of the common elements or apartments or limited common elements due to the same shall be permitted, and a valid easement for such encroachment and the maintenance thereof shall and does exist for so long as such encroachment continues.

C. The apartment owners shall have the irrevocable right, to be exercised by the Board of Directors, to have access to each apartment and any limited common element from time to time during reasonable hours as may be necessary for the operation of the property or at any time for making emergency repairs therein necessary to prevent damage to the common elements or to another apartment or apartments.

D. The Declarant shall have the right to conduct extensive sales activities on the property, including the use of model apartments, sales and management offices, and extensive sales displays and activities until the earlier to occur of (a) forty-eight (48) months from the date of the recording in the Bureau of Conveyances of the first condominium conveyance document or (b) the closing of the sale of the last unsold apartment in the project. In the event that the Declarant is unable to sell all of the apartments within the forty-eight (48) month period, the Declarant shall have the right to conduct sales activities on the property until the closing of the sale of the last unsold apartment in the property provided that such sales activities are conducted in an unobstrusive manner which will not unreasonably

interfere with the use, possession and aesthetic enjoyment of the property by the other apartment owners. In the event that the Declarant's mortgage lender or any successor to or assignee of the Declarant's mortgage lender shall acquire any portion of the property in the course of any foreclosure or other legal proceeding or by an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns shall have the right to conduct such extensive sales activities on the property until at least ninety-five percent (95%) of all of the apartments have been sold and recorded, notwithstanding the foregoing.

E. The Declarant, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon the property as may be reasonably necessary for the completion of improvements to and correction of defects in the property. Such easement shall terminate twenty-four (24) months after the later of (i) the date of the recording in the Bureau of Conveyances of the first condominium conveyance document, or (ii) "substantial completion" (as that term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvement to be completed or corrected.

PURPOSES OF AND RESTRICTIONS ON USE OF BUILDINGS AND INDIVIDUAL APARTMENTS. Except when the holder of the first mortgage on an apartment has entered into possession of the apartment following (i) a default under its first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, the apartments shall be occupied and used only "as residential dwellings", but such apartments may be leased or rented from time to time to transients and may also be used, leased, rented, or undivided interest therein may be conveyed in connection with any time sharing program. The Association shall have the power to enact resolutions, rules and regulations, and have the power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of this Declaration, and the Bylaws.

The owners of the respective apartments shall have the absolute right to lease their interest in such apartments subject to all provisions of the Horizontal Property Act, the Declaration and the Bylaws attached hereto; provided, however, that no apartment owner may lease less than the entire apartment.

Notwithstanding anything provided herein to the contrary or otherwise, no apartment owner shall be allowed to create, implement and maintain a time-sharing program unless said apartment owner submits no less than ten (10) apartments to any such program.

No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the property, or suffer anything to be done or kept in his apartment or elsewhere on the property which will (a) jeopardize the soundness of the property, or (b) interfere with or unreasonably disturb the rights of other owners and occupants, or (c) obstruct the corridors or stairways of the building, or (d) reduce the value of the property, or (e) increase the rate (unless such owner pays such increase) or result in the cancellation of fire insurance on the apartments or the contents thereof.

OWNERSHIP OF TITLE: A Preliminary Title Report issued by Title Guaranty of Hawaii, Incorporated, dated August 31, 1979, reflects

that fee simple title to the land is held in the name of Robert Russell Hill, individually and as trustee under those four (4) certain unrecorded Trust Agreements dated October 3, 1972, made by (a) Russell Oliver Hill, (b) Christine Amy Hill, (c) Dorothy Florence Hill and (d) Russell Oliver Hill and Dorothy Florence Hill. Said land was leased by the fee owners as aforementioned to Tahitian Apartments, a Hawaii limited partnership, by Surfside Properties, Inc., a Minnesota corporation, under that certain Master Lease dated November 11, 1975 and recorded in the Bureau of Conveyances, Liber 11122, Page 344.

By an unrecorded agreement dated May 5, 1979, the fee owners have consented to Kraus-Anderson of St. Paul Development Corporation as a permitted assignee of the Master Lease, and Kraus-Anderson of St. Paul Development Corporation is also the holder of an unrecorded option to purchase the Lessee's interest of Tahitian Apartments in the said Master Lease.

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report issued by Title Guaranty of Hawaii, Incorporated, dated August 31, 1979, states that title to the land is subject to the following encumbrances:

(1) Real property taxes--for any taxes that may be due and owing and a lien of the land, reference is made to the office of the Tax Assessor, Second Division.

(2) Grant in favor of the Board of Water Supply of the County of Maui dated October 3, 1975 and recorded in Liber 10952 at Page 135; granting an easement for water pipeline purposes over, under, through and across a strip of land, being a portion of Lot 5 of Kamaole Homesteads, same being a portion of Grant 5008 to Henry Waterhouse Trust Co., Ltd., situate at Kamaole, Kihei, District of Wailuku, County of Maui, State of Hawaii.

(3) Grant in favor of the Board of Water Supply of the County of Maui dated October 3, 1975 and recorded in Liber 10952 at Page 144; granting an easement for water pipeline purposes over, under through and across a strip of land, being a portion of Lot 5 of Kamaole Homesteads, same being a portion of Grant 5008 to Henry Waterhouse Trust Co., Ltd., situate at Kamaole, Kihei, District of Wailuku, County of Maui, State of Hawaii.

(4) Mortgage by and between Tahitian Apartments, a Hawaii limited partnership, by Glo-Pac Developers, Inc., a Hawaii corporation, its general partner, as Mortgagor, and Shelter Credit Corporation, a Minnesota corporation, as Mortgagee, dated March 27, 1973, and recorded in liber 9054 at Page 8, in the amount of \$350,000.00.

Said above mortgage was assigned to the First National Bank of Saint Paul, a corporation organized under the laws of the United States, by instrument dated May 21, 1974, recorded in Liber 9946 at Page 389.

By substitution of security dated November 11, 1975, recorded in Liber 11122 at Page 430, that certain lease recorded in Liber 6830 at Page 312, as amended, was released from said mortgage and in lieu thereof that certain lease recorded in Liber 11122 at Page 344 (besides another lease) was substituted in its stead.

Extension of mortgage dated June 8, 1976, recorded in Liber 11608 at Page 53.

(5) The terms and provisions of the Master Lease mentioned above.

(6) The terms, conditions and provisions contained in those four (4) certain unrecorded trusts naming Robert Russell Hill trustee.

PURCHASE MONEY HANDLING: A specimen Condominium Reservation Agreement, Deposit Receipt and Sales Agreement (hereinafter called the "Reservation and Sales Agreement") and the executed Escrow Agreement have been submitted to the Real Estate Commission as part of the registration. The Escrow Agreement dated September 15, 1979 identified Title Guaranty Escrow Services, Inc. as the escrow agent. Upon examination, the specimen Reservation and Sales Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly with Sections 514A-40, 514A-39, and 514A-63 through 514A-67. The provisions of the Reservation and Sales Agreement and the Escrow Agreement should be carefully read by the purchasers. The specimen Reservation and Sales Agreement filed as part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report.

The seller has advised the Real Estate Commission that, to the extent practicable to do so, the seller may use purchaser's funds and proceeds from the sale of the apartments to pay the development and construction costs of the project, as permitted by Hawaii Revised Statutes Section 514A-67 and 514A-40. The purchaser should therefore take particular care in examining the Specimen Reservation and Sales Agreement and should be particularly aware that, at the seller's option, the purchaser may have to pay the full purchase price and accept a condominium conveyance document for the apartment prior to completion of construction of the project. THE SPECIMEN RESERVATION AND SALES AGREEMENT CONTAINS A NUMBER OF PROVISIONS DIRECTED AT FACTORS INVOLVED IN CLOSING THE SALE OF THE APARTMENTS PRIOR TO COMPLETION OF CONSTRUCTION, INCLUDING PROVISIONS THAT: 1) RISK OF LOSS SHALL PASS FROM SELLER TO PURCHASER UPON RECORDATION OF THE CONDOMINIUM CONVEYANCE DOCUMENT AND RISK OF DAMAGE DUE TO DELAY OF COMPLETION OF PERFORMANCE SHALL BE BORNE BY PURCHASER, 2) ALL INTEREST EARNED ON PROCEEDS OF THE SALE OF APARTMENTS SHALL BE THE PROPERTY OF THE SELLER, 3) PURCHASER APPOINTS SELLER AS PURCHASER'S PROXY FOR THE PURPOSE OF CONDUCTING THE AFFAIRS OF THE ASSOCIATION OF APARTMENT OWNERS UNTIL DELIVERY OF POSSESSION OF THE APARTMENT TO PURCHASER AFTER COMPLETION THEREOF, 4) PURCHASER GRANTS SELLER AN IRREVOCABLE POWER OF ATTORNEY TO DO EVERYTHING NECESSARY OR APPROPRIATE TO COMPLETE THE PROJECT, INCLUDING THE POWER TO DEAL WITH ALL CONTRACTORS, BONDING COMPANIES, INSURERS AND PUBLIC AUTHORITIES AND THE RIGHT TO CHANGE THE PROJECT AS NECESSARY OR APPROPRIATE, 5) PURCHASER AND SELLER CONTRACTUALLY ALLOCATE TO SELLER THE RIGHT TO DO ALL ACTS NECESSARY OR APPROPRIATE TO COMPLETE THE PROJECT, AND 6) IF THE SELLER SHALL DEFAULT UNDER THE CONTRACT OR IF THE APARTMENT AS ACTUALLY BUILT DIFFERS MATERIALLY FROM THE APARTMENT AS REPRESENTED, THE PURCHASER'S ONLY REMEDY SHALL BE A REFUND TO PURCHASER OF ALL SUMS PAID PLUS AN AMOUNT EQUAL TO THE SUM OF ALL REAL PROPERTY TAXES ACTUALLY PAID, MORTGAGE INTEREST ACTUALLY PAID, PLUS SIX (6) PERCENT PER ANNUM INTEREST ON THE BALANCE OF THE PURCHASE PRICE NOT FINANCED BY A MORTGAGE. NOTE: PURCHASERS MAY BE REQUIRED TO PAY MORTGAGE PAYMENTS PRIOR TO OBTAINING POSSESSION OF THEIR RESPECTIVE UNITS.

Among other provisions, the Escrow Agreement provides 1) that purchaser's funds and proceeds from the sale of apartments may be disbursed (prior to completion of construction of the project) to pay for construction costs in proportion to the valuation of the work completed and that proceeds from the sale of apartments may be disbursed (prior to completion of construction of the project) to pay for architectural, engineering, finance and legal fees and for other incidental expenses of the project, and 2) that the purchaser shall be entitled to a refund of his funds only if (a) seller asks Escrow to refund the purchaser's funds or (b) seller notifies Escrow of seller's rescission of the Reservation and Sales Agreement or (c) the conditions provided in Sections 514A-63, 514A-64 or 514A-66 of the Horizontal Property Act (as amended on the date the Reservation and Sales Agreement becomes binding and effective) have been met and written notice thereof has been provided to the seller.

Among other provisions, the specimen Reservation and Sales Agreement provides that:

(1) Reservation and Sales Agreements executed prior to the issuance of a Final Public Report for the project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment. Accordingly, the reservation may be cancelled and terminated at any time at the option of either party (and purchaser shall receive a refund) until such time as the purchaser and seller execute an affirmation instrument agreeing to render the Reservation and Sales Agreement a binding contract. Therefore, the purchaser should be aware that the execution of a Reservation and Sales Agreement prior to the issuance of a Final Public Report does not necessarily mean that the purchaser will be able to purchase the apartment reserved for the price stated or on the other terms stated in the Reservation and Sales Agreement, or on any terms at all.

(2) The seller makes no warranties, express or implied, with respect to the apartments, the project, or consumer products or other things installed therein, including warranties of merchantability, habitability, workmanlike construction, or fitness for a particular purpose. The seller does, however, agree to attempt to pass through to the purchaser the benefit of the general contractor's warranties, if any, and also the unexpired term, if any, of any assignable manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartment.

(3) The seller may cancel the Reservation and Sales Agreement and hold the purchaser in default if any material discrepancies are discovered between the financial information furnished by the purchaser and the purchaser's actual financial status. Seller may also cancel if the purchaser's application or eligibility for a mortgage loan is rejected or not approved within ninety (90) days after application. If purchaser proposes to pay the purchase price in cash and seller, in its sole discretion, after reviewing the written evidence submitted to it by purchaser, determines that seller is not satisfied as to purchaser's ability to make such cash payments, then seller may cancel the Reservation and Sales Agreement. Seller may also cancel the Reservation and Sales Agreement if the purchaser should die.

(4) The seller's interim mortgage loan (and any modifications, renewals and extensions thereof) used for acquiring the land, constructing the project, and associated costs shall be and remain at all times a lien or charge on the project, including the individual apartments, prior to and superior to any and all other liens or charges on the project until the final closing and delivery of the purchaser's condominium conveyance document, and the purchasers intentionally waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest they may have under the Reservation and Sales Agreement in favor of the lien or charge on the project of the security interest of the lender until the final closing and delivery of the purchaser's condominium conveyance document. The purchasers also consent to seller's assignment by way of security of seller's interest in the Reservation and Sales Agreement and purchaser's escrow deposits to the lender. The purchasers also irrevocably appoint the Managing Agent to receive and accept service of process on behalf of the purchasers.

(5) The seller has made no representations with respect to the possibility or probability of rental or other income from the apartment or other economical benefits to be derived from the rental of the apartment, including but not limited to, any representations to the effect that seller or the Managing Agent of the project or a third party will provide services relating to the rental or sale of the apartment nor representations as to possible advantages from the rental of the apartment under federal or state tax laws. If purchaser wishes to rent the apartment to third persons, purchaser must make his own arrangements. Purchaser further agrees and acknowledges that in the event that the offer to sell and the purchase of the apartment or the activities of purchaser with respect to the apartment are determined to be or alleged to give rise to any violation of any federal or state securities laws or regulations, seller may obtain an injunction enjoining such acts of the purchaser and seller may in addition pursue any other remedies and purchaser shall pay the seller's costs and attorneys' fees in connection therewith. In the event that the purchaser or anyone claiming by or through him or his apartment alleges that the offer to sell or the purchase of the apartment gives rise to any violation of federal or state disclosure laws or regulations, the purchaser covenants not to sue for any remedy other than to sue for a refund of the purchase price and actual closing costs plus interest at 6% per annum from the date of closing to the date of repayment. The purchaser agrees to absorb any additional charges incurred with respect to the apartment as the reasonable use value of the apartment. The terms of that paragraph shall survive the closing, occupancy, and delivery of the condominium conveyance document to the purchaser.

(6) The purchaser will pay all closing costs, including but not limited to, the escrow fee, conveyance taxes, all acknowledgment fees, all appraisal fees, all recording costs, charges for purchaser's credit report, costs for drafting of the mortgage and notes, and any assignment thereof, and costs of any title insurance. All applicable mortgage costs shall be paid by purchaser, and purchaser shall pay the nonrefundable start-up fee for commencement of the operations of the project by the Managing Agent and the Association of Apartment Owners. Real property taxes, maintenance costs and other prorations shall be made, and risk of loss shall transfer from seller to purchaser on the

scheduled Closing Date as defined in the specimen Reservation Sales Agreement except that real property taxes and maintenance fees shall in no event be assessed to the purchaser prior to the issuance of a temporary or permanent certificate of occupancy. Purchaser shall execute all documents necessary for closing and deposit with escrow all funds other than proceeds of purchaser's first mortgage loan within ten (10) days after receiving written notice to pre-close. Pre-closing may commence at any time after the effective date of the Reservation and Sales Agreement and may commence substantially prior to the issuance of a temporary or permanent certificate of occupancy.

It is incumbent upon purchasers and prospective purchasers that they read with care the specimen Reservation and Sales Agreement and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the condominium units are placed in trust, as well as the retention and disbursement of funds.

MANAGEMENT AND OPERATIONS: The proposed By-Laws provide that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible corporate managing agent. The managing agent shall be appointed by the Association, in accordance with the By-Laws, except that the managing agent for the initial period following the date of the organization of the Association of Apartment Owners may be appointed by the Developer without necessity of confirmation by the Association. The initial managing agent has not yet been finally selected but the Developer has indicated that it is likely that the Great American Management Group of Hawaii, Inc. will be the initial managing agent.

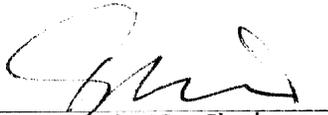
STATUS OF THE PROJECT: The Developer advises that construction of the project will commence on about December 1979, and completion is scheduled for about June 1981.

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The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the Notice of Intention submitted on September 17, 1979, and information subsequently filed as of October 29, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 1177 filed with the Commission on September 17, 1979.

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

 (for)  
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AH KAU YOUNG, Chairman  
Real Estate Commission  
State of Hawaii

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