

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

KALAMA LANAI
40 Kanani Road
KIHEI, MAUI, HAWAII

REGISTRATION NO. 1204

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 : December 7, 1979
Expires: January 7, 1981

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED NOVEMBER 23, 1979. DEVELOPER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KALAMA LANAI is a proposed fee simple condominium project consisting of 48 apartments in two (2) four-story buildings, each with basement parking, a resident manager's unit and a swimming pool.

2. The Developer of the Project has submitted to the Commission for its examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime, the Bylaws of the Association of Apartment Owners and the Condominium Map will be recorded in the Bureau of Conveyances of the State of Hawaii immediately prior to the application for a Final Public Report.
4. No advertising or promotional materials have been submitted to the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Preliminary Public Report expires thirteen (13) months after issuance, December 7, 1979, unless a Final or Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.
7. This Preliminary Public Report is part of the registration of KALAMA LANAI. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and securing a signed copy of the receipt therefor from each purchaser.

NAME OF PROJECT: KALAMA LANAI

LOCATION: The Project is located in Kamaole, District of Kula, Island and County of Maui, State of Hawaii and has a land area of approximately 1.50 acres.

TAX KEY: 3-9-16-02, Second Division (Maui).

ZONING: A-2 under the Ordinances of the County of Maui.

DEVELOPER: Ling Kamaole Partners, a Hawaii limited partnership, Suite 1620, Pioneer Plaza, 900 Fort Street Mall, Honolulu, Hawaii 96813; Telephone: (808) 536-6752.

ATTORNEYS REPRESENTING DEVELOPER: Cades Schutte Fleming & Wright (Attention: Larry T. Takumi or John R. Aube), Suite 1400, 1000 Bishop Street, P. O. Box 939, Honolulu, Hawaii 96808; Telephone: (808) 521-9200 .

DESCRIPTION OF PROJECT AND APARTMENTS.

The Project consists of two (2) four-story apartment buildings, each with basement parking, containing forty-eight (48) condominium apartments, a resident manager's unit and a swimming pool. There are twenty-four (24) one bedroom apartments, twenty (20) two bedroom apartments and four (4) three bedroom apartments in the Project. The two apartment buildings are identified as Buildings I and II, and are constructed of reinforced concrete cast-in-place columns, two-way post-tensioned concrete slab, exterior curtain walls and interior partition walls.

Each building contains four (4) one bedroom apartments and two (2) two bedroom apartments on the first through third floors, and four (4) two bedroom apartments and two (2) three bedroom apartments on the fourth floor.

There are a total of sixty-one (61) parking stalls (all standard size) in the Project, with twelve (12) guest parking stalls, one (1) assigned parking stall reserved for the resident manager, and forty-eight (48) assigned parking stalls reserved for the exclusive use of the apartment owners.

There are sixteen basic apartment model types in the Project:

Model A Apartments. The Model A apartments are end units located on the first, second and third floors of Building I. Each Model A apartment has an interior living area of approximately 775 square feet, including a living room, kitchen, one bedroom, and one bathroom (with toilet and bathtub-shower combination). The Model A apartment on the first floor has a lanai, accessible from the living room, containing an area of approximately 95 square feet. The Model A apartment on the second floor has a lanai, accessible from the living room, containing an area of approximately 90 square feet, and another lanai, accessible from the kitchen, containing an area of approximately 65 square feet. The Model A apartment on the third floor has a lanai, accessible from the living room, containing an area of approximately 180 square feet, and another lanai, accessible from the kitchen, containing an area of approximately 65 square feet. The Model A apartment on the third floor also has an additional window in the living room. Each Model A apartment has direct access to a corridor.

Model A-PH Apartment. The Model A-PH apartment is an end unit located on the fourth floor of Building I, directly above the Model A apartments. The Model A-PH apartment has an interior living area of approximately 1,065 square feet,

including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. The Model A-PH apartment is in a two-level configuration, with the entry, living room, kitchen, one bedroom and one bathroom on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. The Model A-PH apartment also has a lanai on the lower level, accessible from the living room, containing an area of approximately 135 square feet, and another lanai, accessible from the kitchen, containing an area of approximately 65 square feet. The Model A-PH apartment has direct access to a corridor.

Model B Apartments. The Model B apartments are interior units located on the first, second and third floors of Building I. Each Model B apartment has an interior living area of approximately 775 square feet, including a living room, kitchen, one bedroom, and one bathroom (with toilet and bathtub-shower combination). The Model B apartment on the first floor has a lanai, accessible from the living room, containing an area of approximately 95 square feet. The Model B apartments on the second and third floors each have a lanai, accessible from the living room, containing an area of approximately 90 square feet. The Model B apartment on the third floor also has an additional window in the living room. Each Model B apartment has direct access to a corridor.

Model B-PH Apartments. The Model B-PH apartments are interior units located on the fourth floor of Building I, directly above the Model B apartments. Each Model B-PH apartment has an interior living area of approximately 1,065 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. Each Model B-PH apartment is in a two-level configuration, with the entry, living room, one bedroom and one bathroom on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. Each Model B-PH apartment has a lanai on the lower level, accessible from the living room, containing an area of approximately 135 square feet. Each Model B-PH apartment has direct access to a corridor.

Model C Apartments. The Model C apartments are interior units located on the first, second and third floors of Building I. Each Model C apartment has an interior living area of approximately 775 square feet, including a living room, kitchen, one bedroom, and one bathroom (with toilet and bathtub-shower combination). The Model C apartment on the first floor has a lanai, accessible from the living room, containing an area of approximately 95 square feet. The Model C apartments on the second and third floors each have a lanai, accessible from the living room, containing an area of approximately 90 square feet. The Model C apartment on the third floor also has an additional window in the living room. Each Model C apartment has direct access to a corridor.

Model C-PH Apartment. The Model C-PH apartment is an interior unit located on the fourth floor of Building I,

directly above the Model C apartments. The Model C-PH apartment has an interior living area of approximately 1,065 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. The Model C-PH apartment is in a two-level configuration, with the entry, living room, kitchen, one bedroom and one bathroom on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. The Model C-PH apartment also has a lanai on the lower level, accessible from the living room, containing an area of approximately 135 square feet. The Model C-PH apartment has direct access to a corridor.

Model D Apartments. The Model D apartments are interior units located on the first, second and third floors of Building I. Each Model D apartment has an interior living area of approximately 1,230 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. The Model D apartment on the first floor has a lanai, accessible from the living room and bedroom #1, containing an area of approximately 155 square feet. The Model D apartments on the second and third floors each have a lanai, accessible from the living room and bedroom #1, containing an area of approximately 150 square feet. The Model D apartment on the third floor also has an additional window in bedroom #1. Each Model D apartment has direct access to a corridor.

Model D-PH Apartment. The Model D-PH apartment is an interior unit located on the fourth floor of Building I, directly above the Model D apartments. The Model D-PH apartment has an interior living area of approximately 1,500 square feet, including a living room, kitchen, three bedrooms and three bathrooms, each containing a toilet and bathtub-shower combination. The Model D-PH apartment is in a two-level configuration, with the entry, living room, kitchen, two bedrooms and two bathrooms on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. The Model D-PH apartment also has a lanai on the lower level, accessible from the living room and bedroom #1, containing an area of approximately 200 square feet. The Model D-PH apartment has direct access to a corridor.

Model E Apartments. The Model E apartments are end units located on the first, second and third floors of Building I. Each Model E apartment has an interior living area of approximately 1,290 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. The Model E apartment on the first floor has a lanai, accessible from the living room and bedroom #1, containing an area of approximately 155 square feet, and an additional lanai, accessible from bedroom #2, containing an area of approximately 50 square feet. The Model E apartment on the second floor has a lanai, accessible from the living room and bedroom #1, containing an area of approximately 150 square feet, and an additional lanai,

accessible from bedroom #2, containing an area of approximately 50 square feet. The Model E apartment on the third floor has a lanai, accessible from the living room and bedroom #1, containing an area of approximately 300 square feet, and an additional lanai, accessible from bedroom #2, containing an area of approximately 50 square feet. The Model E apartment on the third floor also has an additional window in bedroom #1. Each Model E apartment has direct access to a corridor.

Model E-PH Apartment. The Model E-PH apartment is an end unit located on the fourth floor of Building I, directly above the Model E apartments. The Model E-PH apartment has an interior living area of approximately 1,540 square feet, including a living room, kitchen, three bedrooms and three bathrooms, each containing a toilet and bathtub-shower combination. The Model E-PH apartment is in a two-level configuration, with the entry, living room, kitchen, two bedrooms and two bathrooms on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. The Model E-PH apartment also has a lanai on the lower level, accessible from the living room and bedroom #1, containing an area of approximately 300 square feet, and a lanai on the lower level, accessible from bedroom #2, containing an area of approximately 50 square feet. The Model E-PH apartment has direct access to a corridor.

Model F Apartments. The Model F apartments are end or interior units located on the first, second and third floors of Building II. Each Model F apartment has an interior living area of approximately 825 square feet, including a living room, kitchen, one bedroom, and one bathroom (with toilet and bathtub-shower combination). Each Model F apartment has a lanai, accessible from the living room, containing an area of approximately 90 square feet. The Model F apartments on the third floor have an additional window in the living room. Each Model F apartment has direct access to a corridor.

Model F-PH Apartments. The Model F-PH apartments are end or interior units located on the fourth floor of Building II, directly above the Model F apartments. Each Model F-PH apartment has an interior living area of approximately 1,050 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. Each Model F-PH apartment is in a two-level configuration, with the entry, living room, kitchen, one bedroom and one bathroom on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. Each Model F-PH apartment also has a lanai on the lower level, accessible from the living room, containing an area of approximately 90 square feet. Each Model F-PH apartment has direct access to a corridor.

Model G Apartments. The Model G apartments are interior units located on the first, second and third floors of Building II. Each Model G apartment has an interior living

area of approximately 1,320 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. Each Model G apartment has a lanai, accessible from the living room and bedroom #1, containing an area of approximately 270 square feet. The Model G apartment on the third floor also has an additional window in bedroom #1. Each Model G apartment has direct access to a corridor.

Model G-PH Apartment. The Model G-PH apartment is an interior unit located on the fourth floor of Building II, directly above the Model G apartments. The Model G-PH apartment has an interior living area of approximately 1,560 square feet, including a living room, kitchen, three bedrooms and three bathrooms, each containing a toilet and bathtub-shower combination. The Model G-PH apartment is in a two-level configuration, with the entry, living room, kitchen, two bedrooms and two bathrooms on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. The Model G-PH apartment also has a lanai on the lower level, accessible from the living room and bedroom #1, containing an area of approximately 270 square feet. The Model G-PH apartment has direct access to a corridor.

Model H Apartments. The Model H apartments are end units located on the first, second and third floors of Building II. Each Model H apartment has an interior living area of approximately 1,230 square feet, including a living room, kitchen, two bedrooms and two bathrooms, each containing a toilet and bathtub-shower combination. Each Model H apartment has a lanai, accessible from the living room and bedroom #1, containing an area of approximately 200 square feet. Each Model H apartment has direct access to a corridor.

Model H-PH Apartment. The Model H-PH apartment is an end unit located on the fourth floor of Building II, directly above the Model H apartments. The Model H-PH apartment has an interior living area of approximately 1,500 square feet, including a living room, kitchen, three bedrooms and three bathrooms, each containing a toilet and bathtub-shower combination. The Model H-PH apartment is in a two-level configuration, with the entry, living room, kitchen, two bedrooms and two bathrooms on the lower level, and one bedroom and one bathroom on the loft level. The lower level and the loft level are connected by an interior stairway. The Model H-PH apartment also has a lanai on the lower level, accessible from the living room and bedroom #1, containing an area of approximately 200 square feet. The Model H-PH apartment has direct access to a corridor.

By way of summary, the square foot area of each apartment by model type is approximately as follows:

<u>Model Type</u>	<u>Interior Area</u>	<u>Lanai Area</u>	<u>Total</u>
A 1st Floor Apts.	775	95	870

<u>Model Types</u>	<u>Interior Area</u>	<u>Lanai Area</u>	<u>Total</u>
2nd Floor Apts.	775	155	930
3rd Floor Apts.	775	245	1,020
A-PH	1,065	200	1,265
B 1st Floor Apts.	775	95	870
2nd & 3rd Floor Apts.	775	90	865
B-PH	1,065	135	1,200
C 1st Floor Apts.	775	95	870
2nd & 3rd Floor Apts.	775	90	865
C-PH	1,065	135	1,200
D 1st Floor Apts.	1,230	155	1,385
2nd & 3rd Floor Apts.	1,230	150	1,380
D-PH	1,500	200	1,700
E 1st Floor Apts.	1,290	205	1,495
2nd Floor Apts.	1,290	200	1,490
3rd Floor Apts.	1,290	350	1,640
E-PH	1,540	350	1,890
F	825	90	915
F-PH	1,050	90	1,140
G	1,320	270	1,590
G-PH	1,560	270	1,830
H	1,230	200	1,430
H-PH	1,500	200	1,700

The apartments by model type are shown below. The first digit identifies the location of the apartment in either Building I (if the first digit is "1") or Building II (if the first digit is "2"). The second digit identifies the location of the apartment on the first, second, third or fourth floor of the appropriate building.

<u>Apartment Model Type</u>	<u>Apartment Nos.</u>
A	1101, 1201, 1301
A-PH	1401
B	1102, 1202, 1302 1104, 1204, 1304

<u>Apartment Model Type</u>	<u>Apartment Nos.</u>
B-PH	1402 1404
C	1103, 1203, 1303
C-PH	1403
D	1105, 1205, 1305
D-PH	1405
E	1106, 1206, 1306
E-PH	1406
F	2101, 2201, 2301 2102, 2202, 2302 2103, 2203, 2303 2104, 2204, 2304
F-PH	2401, 2402, 2403, 2304
G	2105, 2205, 2305
G-PH	2405
H	2106, 2206, 2306
H-PH	2406

The manager's unit (Unit 2100) has an interior area of approximately 1,300 square feet, including an office, reception area, living room, kitchen, one bedroom and one bathroom (with toilet and bathtub-shower combination), all of which are common elements.

LIMITS OF APARTMENTS:

Each apartment shall be deemed to include: (i) any adjacent lanai to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors, windows or panels along the perimeters, and (v) all fixtures originally installed therein. The respective apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the party walls, (b) the undecorated or unfinished floors and ceilings surrounding each apartment, or (c) any pipes, shafts, 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.

COMMON ELEMENTS:

The common elements will include all portions of the Project, other than the apartments, including, specifically, but not limited to, the common elements mentioned in the Horizontal Property Act which are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an apartment and those common elements more particularly described as follows:

1. All of the land in fee simple;
2. All parking stalls (including the twelve (12) guest parking stalls, the one (1) parking stall assigned to the resident manager and the forty-eight (48) parking stalls assigned to the apartments as limited common elements);
3. The resident manager's unit (Unit 2100);
4. All facilities in the swimming pool complex, which includes a swimming pool, equipment and storage facilities, and a jacuzzi pool; and
5. All landscaped areas, trash enclosures, roads, driveway areas, stairways, entry ways and fences (including the limited common elements described below).

LIMITED COMMON ELEMENTS:

The limited common elements and apartments to which their use is reserved are:

1. The stairways and entry ways shall be limited common elements for the exclusive use of the apartments they serve.
2. The following numbered parking stalls as shown on the Condominium Map shall be assigned and reserved for the exclusive use of the following apartments:

<u>Parking Stall No.</u>	<u>Apartment No.</u>	<u>Parking Stall No.</u>	<u>Apartment No.</u>
36	1101	20	2101
37	1102	19	2102
41	1103	18	2103
59	1104	17	2104
58	1105	4	2105
56	1106	25	2106
48	1201	31	2201
45	1202	23	2202
61	1203	22	2203
44	1204	21	2204
57	1205	5	2205

<u>Parking Stall Mo.</u>	<u>Apartment No.</u>	<u>Parking Stall No.</u>	<u>Apartment No.</u>
52	1206	29	2206
49	1301	30	2301
43	1302	24	2302
60	1303	2	2303
42	1304	1	2304
50	1305	8	2305
55	1306	3	2306
51	1401	28	2401
38	1402	27	2402
39	1403	26	2403
40	1404	9	2404
53	1405	6	2405
54	1406	7	2406

Parking stall no. 10 is reserved for the resident manager.
 Parking stalls nos. 11, 12, 13, 14, 15, 16, 32, 33, 34, 35, 46
 and 47 are reserved for guest parking.

PERCENTAGE OF UNDIVIDED INTEREST

The percentage of undivided interest in all the
 common elements appertaining to each apartment by model type is
 as follows:

<u>Apartment Model Type</u>	<u>Apartment Nos.</u>	<u>Percentage Common Interest</u>	<u>No. of Apartments In Each Category</u>	<u>Percentage Total</u>
A	1101	1.55	1	1.55
	1201	1.66	1	1.66
	1301	1.82	1	1.82
A-PH	1401	2.26	1	2.26
B	1102, 1104	1.55	6	9.30
	1202, 1204			
	1302, 1304			
B-PH	1402, 1404	2.14	2	4.28
C	1103	1.55	3	4.65
	1203			
	1303			
C-PH	1403	2.14	1	2.14
D	1105	2.47	3	7.41
	1205			
	1305			
D-PH	1405	3.04	1	3.04

<u>Apartment Model Type</u>	<u>Apartment Nos.</u>	<u>Percentage Common Interest</u>	<u>No. of Apartments In Each Category</u>	<u>Percentage Total</u>
E	1106	2.67	1	2.67
	1206	2.66	1	2.66
	1306	2.93	1	2.93
E-PH	1406	3.38	1	3.38
F	2101, 2102, 2103, 2104, 2201, 2202, 2203, 2204, 2301, 2302, 2303, 2304	1.66	12	19.92
F-PH	2401, 2402, 2403, 2404	1.95	4	7.80
G	2105 2205 2305	2.84	3	8.52
G-PH	2405	3.32	1	3.32
H	2106 2206 2306	2.55	3	7.65
H-PH	2406	3.04	1	<u>3.04</u>
				100.00

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE:

Each apartment shall at all times be used only as a private residential or vacation dwelling for the owner, his family, tenants and social guests, and for such other purposes which are compatible with the applicable zoning ordinances. The owners of the respective apartments may rent or lease their apartments on any long-term or short-term (including daily) basis for such residential use. The apartments shall not be used as an office or for any other commercial purpose.

OWNERSHIP OF TITLE:

A Preliminary Title Report dated October 8, 1979, issued by Title Guaranty of Hawaii, Incorporated, states that fee simple title to the land is held by Hideo Hiranaga and Fusae Hiranaga, husband and wife, and George Borg and Patricia M. Borg, husband and wife (the "Owners"). The Preliminary Title Report further states that the Owners entered into an Agreement of Sale for the land, dated April 27, 1978, with Dahlas J. Antoku and Mieko Antoku, husband and wife, which Agreement of Sale was by mesne assignments assigned to the Developer. The Developer has informed the Commission that the

Agreement of Sale will be satisfied, and fee simple title to the land will be conveyed to the Developer, prior to the recordation of the first apartment deed for an apartment in the Project.

ENCUMBRANCES:

The Preliminary Title Report dated October 8, 1979 further states that the title to the property is subject to the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the office of the Tax Assessor, second division.

2. Agreement of Sale dated April 27, 1978, between Hideo Hiranaga and Fusae Hiranaga, husband and wife, and George Borg and Patricia M. Borg, husband and wife, as vendor, and Dahlas J. Antoku and Mieko Antoku, husband and wife, as vendee, recorded in the Bureau of Conveyances in Book 12856, Page 555. The Agreement of Sale was assigned to the Developer by assignment dated August 3, 1979, recorded in said Bureau in Book 14004, Page 647.

PURCHASE MONEY HANDLING:

A copy of a specimen Deposit Receipt and Sales Contract (the "Sales Contract") and an executed Escrow Agreement have been submitted as part of the registration. The Escrow Agreement, dated November 7, 1979, identifies Title Guaranty Escrow Services, Inc., as the "Escrow Agent". Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly with Sections 514A-37, 39, 40, 63 through 66. A prospective purchaser should carefully examine the form of Sales Contract and the Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon the purchaser to read and understand the Escrow Agreement before signing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's down payments and the Sales Contract provides that the purchaser approves the Escrow Agreement. The Sales Contract also provides that the buyer's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgage or other security instruments made by the Developer in favor of any lending institution to secure a loan for the purpose of constructing the Project. The Sales Contract, among other things, contains acknowledgments by each buyer: (i) that the Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the Project; (ii) that the buyer must make any such arrangements for his apartment, if desired, without the involvement or participation of the Developer; (iii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic

benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iv) that the buyer acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; and (v) that until the Developer closes the sales of all the apartments in the Project, the buyer shall not enter into any agreement with any purchaser, lessee or owner of another apartment in the Project or any third party under which the buyer agrees to share rental income from apartments in the Project. The Sales Contract also discloses that the Project is situated in the interim regulation area, as defined in the County of Maui Department of Water Supply's Special Rule Regulating for an Interim Period the Approval of Subdivision Applications, the Approval of Building Permits and the Approval of Water Meters from the Mokuahu, Iao-Kepaniwai, and Waiehu Water Sources; (ii) that until acceptance by the County of Maui Department of Water Supply (the "County") and satisfactory operation of the Central Maui Water Transmission Source and Pipeline projects, no water meter of any size other than a temporary construction meter shall be issued for the Project; and (iii) that the Developer may petition the Director of Public Works, County of Maui, for a certificate of occupancy for the Project only after acceptance by the County and satisfactory operation of the Central Maui Water Transmission Source and Pipeline projects. The Central Maui Water Transmission Source and Pipeline projects are expected to be in operation before the end of the calendar year 1979.

MANAGEMENT AND OPERATION:

Article III, Section 3, of the Bylaws states that the Board of Directors shall at all times employ a responsible managing agent to manage and control the Project, subject at all times to direction by the Board of Directors.

STATUS OF PROJECT:

The Developer currently estimates that construction of the Project will commence in June, 1980 and will be completed in June, 1981.

The purchaser and prospective purchasers should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted November 23, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1204 filed with the Commission on November 23, 1979.

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

Ah KAU Young

AH KAU YOUNG, Chairman
Real Estate Commission
State of Hawaii

Distribution:

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County of Maui
Escrow Agent
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Registration No. 1204.

December 7, 1979.