



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 250 South King Street Room 702
 Honolulu, Hawaii 96813

CONDOMINIUM PUBLIC REPORT

KAANAPALI ALII
 50 Nohea Kai Drive
 Lahaina, Maui

Registration No. 1212

Issued: May 25, 1993
 Expires: June 25, 1994

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 7, 1993, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
-
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated January 21, 1980
 Final Public Report dated January 20, 1981
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows: See attached pages 2A and 2B.

Attachment
Summary of Changes from Earlier Public Reports

Supplementary Public Report
Kaanapali Alii

The Kaanapali Alii Project was substantially completed over 10 years before issuance of this Public Report. The Developer did not sell all of the units but chose to retain ownership of a number of them. Upon issuance of this Public Report, the Developer has approximately 90 units in the Project. Some or all of those units (in the Developer's discretion) are the ones the Developer may sell pursuant to this Public Report. The Developer may choose not to sell certain units, to limit the number offered for sale for any particular period of time, to sell all the remaining units or to withdraw and sell none of the remaining units. Prospective buyers should consult with the Developer's broker regarding which units, if any, may be available for purchase.

This Public Report completely supersedes the original Preliminary and Final Public Reports. The purpose of this Supplementary Public Report is to update the public report disclosures throughout.

Since the now-superseded Final Public Report was issued for the Project, a number of changes have occurred with respect to the Project, which has over 10 years of operational experience.

1. The Hawaii Real Estate Commission has completely revised the public report format and content.

2. Some physical changes have been made to the Project and some amendments have been made to the Project Declaration and By-laws.

3. In connection with the Developer's resuming sales, new forms of sales contract and escrow agreement will be used.

4. Changes in laws applicable to the Project sales provide some matters to be reflected in the statements in this Public Report and in the Project documents and operation.

5. Passage of time results in some changes, such as expiration of warranties and progression of fixed ground lease rents under the Project title documents called Condominium Conveyance Documents. Terms of some documents may become inapplicable in the normal course of events; for example, Section T of the Project Declaration, which deals with a bond related to completion of the common elements and start-up of the Association, no longer applies and no such bond is in effect. In addition, some persons originally connected with the Project may have moved or disposed of records, or may be unavailable.

PROSPECTIVE BUYERS ARE ENCOURAGED TO READ CAREFULLY AND UNDERSTAND THE MATTERS COVERED IN THIS PUBLIC REPORT, INCLUDING NOT ONLY THE CONTENT OF STATEMENTS MADE BUT ALSO OTHER MATERIALS AND SOURCES OF INFORMATION TO WHICH REFERENCE IS MADE. PROSPECTIVE BUYERS ARE ALSO ENCOURAGED TO VISIT THE PROJECT AND INSPECT ANY OF THE DEVELOPER'S APARTMENTS THAT ARE FOR SALE AND THE COMMON ELEMENTS, AND TO OBTAIN ANSWERS TO ANY QUESTIONS THEY MAY HAVE ABOUT THE PROJECT AND ITS OPERATION. THE PROJECT MANAGING AGENT MAY HAVE DOCUMENTS OR OTHER INFORMATION IN WHICH PROSPECTIVE BUYERS WOULD BE INTERESTED, INCLUDING MINUTES OF ASSOCIATION AND BOARD MEETINGS. PROSPECTIVE BUYERS SHOULD LOOK AT THE PROJECT AS ONE HAVING A NUMBER OF YEARS OF OPERATION SINCE IT WAS CONSTRUCTED.

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GENERAL INFORMATION ON CONDOMINIUMS

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessee (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

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

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

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

Note: The current legal term for a Hawaii condominium project is "condominium property regime" and the basic document stating the legal structure of such a project is called "Declaration of Condominium Property Regime." When the Kaanapali Alii project was created, those terms were called "horizontal property regime" and "Declaration of Horizontal Property Regime." Where the now-obsolete terms appear, owners should treat them as meaning the same as the new terms.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

- * "New" here means the developer built the buildings and did not convert existing bldgs. to a condo. The bldgs. are not literally new.
1. **New Building(s)** (See Exhibit D) **Conversion**
 - Both New Building(s) and Conversion**
 2. **Residential** **Commercial** **Ohana**
 - Mixed Residential and Commercial** **Agricultural**
 - Other** _____
 3. **High Rise (5 stories or more)** **Low Rise**
 4. **Single** or **Multiple Buildings**
 5. **Apartment Description**

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
See Exhibit F for this data.				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 264 (One is a resident manager's unit; see p. 11)

*Net Living Area is the floor area of the apartment measured from the ~~interior~~ exterior surface of the apartment perimeter walls. (See Exhibit F)

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>304</u>
Guest Stalls	<u>34</u>
Unassigned Stalls	<u>2</u>
Extra Stalls Available for Purchase	<u> </u>
Other: <u>Public</u> parking for beach access	<u>10</u>
Total Parking Stalls	<u>350</u>

7. Recreational amenities: See Exhibit D

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: ROYAL KAA NAPALI JOINT VENTURE
Name
1221 Honoapiilani Highway
Business Address
Lahaina, Maui, Hawaii 96761

Phone: (808) 667-6872
(Business)

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

HAWAII OMORI CORPORATION, a Hawaii corporation, general partner
KAANAPALI KAI, INC., a Hawaii corporation, general partner

Real Estate Broker: Sherian L. Bender dba
SHERIAN BENDER REALTY EB-12129
Name 888 WAINEE STREET, #221
50 NOHEA KAI DRIVE (ON-SITE OFFICE)
Business Address
LAHAINA, MAUI, HAWAII 96761

Phone: (808) 667-7441
(Business)

Escrow: TITLE GUARANTY ESCROW SERVICES, INC.
Name
2103 WELLS STREET, SUITE C
Business Address
WAILUKU, MAUI, HAWAII 96793

Phone: (808) 244-7924
(Business)

General Contractor: HAWAIIAN DREDGING & CONSTRUCTION
Name
614 KAPAHULU AVENUE
Business Address
HONOLULU, HAWAII 96815

Phone: (808) 735-3211
(Business)

(See attached page 6A)

Condominium Managing Agent: CLASSIC RESORTS, LTD. CMA #95
Name
50 NOHEA KAI DRIVE
Business Address
LAHAINA, MAUI, HAWAII 96761

Phone: (808) 661-8192
(Business)

Attorney for Developer: JAMES H. WATSON
Name
SUITE 2480, 737 BISHOP STREET
Business Address
HONOLULU, HAWAII 96813

Phone: (808) 533-1872
(Business)

Attachment
to
Condominium Public Report
Kaanapali Alii

ADDITIONAL INFORMATION ON PEOPLE CONNECTED
WITH THE PROJECT

In addition to Hawaiian Dredging & Construction Company, which was the principal general contractor for the original Project construction, and the subcontractors who did work under Hawaiian Dredging, three other contractors made separate construction contracts with the Developer for limited portions of the original construction work. Those other separate contractors were:

1. Fong Construction Co., Ltd. 237 Dairy Road, Kahului, Maui, Hawaii 96732, Telephone 877-6501--site work;

2. Hawaiian Foliage and Landscape, Inc., P.O. Box 37, Kihei, Maui, Hawaii 96753, Telephone 879-7777--landscaping; and

3. Jerry F. Snow and Associates, 6650 Hawaii Kai Drive, Suite 107, Honolulu, Hawaii 968225, Telephone 395-8144--swimming pool.

The general contractor for construction of two additional buildings added to the Project in 1989, as stated in Exhibit D, was:

4. Arita/Poulson General Contracting, 296 Alamaha, Suite G, Kahului, Maui, Hawaii, Telephone 871-4787--two new buildings.

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1047605

Amendment date(s) and recording/filing information: See Exhibit J (Encumbrances)

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 444

Amendment date(s) and recording/filing information: See Exhibit J (Encumbrances)

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1047605 (Exhibit B)

Amendment date(s) and recording/filing information: See Exhibit J (Encumbrances)

Amendments of the By-laws may be labelled as amendments of the Declaration, because the By-laws were recorded as an exhibit to the Declaration, but such amendments nevertheless are effective to amend the By-laws if they meet requirements for amendments as stated in the By-laws.

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

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

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>Special Term; See Exhibit A</u>
Bylaws	65%	65% <u>See Exhibit A</u>
House Rules	---	No specific percentage; <u>See Exhibit A</u>

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

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules as follows:

See Exhibit A

For Subleaseholds: N/A

[] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[] Cancelled [] Foreclosed

[] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: 50 Nohea Kai Drive Tax Map Key: 4-4-8:22 (Second
Lahaina, Maui, Hawaii 96761 (TMK) Tax Division)

[] Address [] TMK is expected to change because N/A

Land Area: Approx. 8,011 [] square feet [X] acre(s) Zoning: H-2

Fee Owner: Royal Kaanapali Joint Venture
Name

1221 Honoapiilani Highway
Address

Lahaina, Maui, Hawaii 96761

The Project is located on shorefront land in the Kaanapali Resort on the Island of Maui.

Sublessor: N/A
Name

Address

C Buildings and Other Improvements:

(Meaning previously constructed and not converted)

1. [X] New Building(s) by Developer; See [] Conversion of Existing Building(s)
[] Both New Building(s) and Conversion Exhibit D)

2. Buildings: 4 Residential Floors Per Building 11

[X] Exhibit D contains further explanations.

3. Principal Construction Material:

[X] Concrete [] Hollow Tile [] Wood

[] Other _____

4. Permitted Uses by Zoning:

(SEE EXHIBIT E)	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>264</u>	<u>Hotel (E-2)</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
Uses incidental to permitted uses					
<input checked="" type="checkbox"/> Other:	<u>such as rentals (See Exhibit E) and a special use permit (See page 13)</u>			_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

Yes --as to basic residential and rental use. No (See Exhibit E for more explanation.)

5. Special Use Restrictions:

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

- Pets: See Exhibit E
- Number of Occupants: _____
- Other: See Exhibit E
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 4 Stairways 4 Trash Chutes 2

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
See Exhibit F for this data.				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 264

*Net Living Area is the floor area of the apartment measured from the ~~interior~~ exterior surface of the apartment perimeter walls. See Exhibit F

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

Boundaries of Each Apartment: Subsection D-4 of the Declaration provides: The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or the interior load-bearing walls, the floors and ceilings surrounding each apartment, any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment. Those excluded things are common elements. Subject to the foregoing, each apartment shall be deemed to include all of the walls and partitions which are not load-bearing within its perimeter or party walls, any glass windows or panels within its perimeter, window frames, doors and door frames within its perimeter, the inner decorated or finished surfaces of all walls, floors and ceilings, all adjacent lanais, **Permitted Alterations to Apartments:** and any fixtures and appliances originally installed therein.

See Exhibit G

7. Parking Stalls:

Total Parking Stalls: 350

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>174</u>	<u>87</u>		<u>43</u>			<u>304</u>
Guest				<u>34</u>			<u>34</u>
Unassigned				<u>2</u>			<u>2</u>
Extra Available for Purchase							
Other:				<u>10</u>			<u>10</u>
Total Covered & Open	<u>261</u>		<u>89</u>				

Each apartment will have the exclusive use of at least one parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit II contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool & whirlpool bath

Storage Area

Recreation Area/Building

Laundry Area

Tennis Court (3 with lights)

Trash Chute

Other: Office and storage buildings, parking and maintenance structures,

exercise room, and barbecue grills.

Section C of the
Project Declaratic
as amended gives a more detailed verbal
description of the Project.

9. Present Condition of Improvements

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

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

N/A

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

N/A

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

The Project has a special use permit from the County of Maui to allow the Managing Agent to treat the Project address as the Agent's place of business. The place of business is a requirement for the Agent's licensure as a managing agent and real estate broker.

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

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

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

Exhibit I describes the common elements.

As follows:

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit I

as follows:

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

Exhibit I describes the common interests for each apartment.

As follows:

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

Exhibit 7 describes the encumbrances against the title contained in the title report dated January 23, 1993 and issued by Title Guaranty of Hawaii, Incorporated .

Blanket Liens: that encumbers more than one condominium unit in a Project to secure the same loan obligation.

A blanket lien is a mortgage ~~on a condominium project that secures a construction loan.~~ It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien. The total amount secured by a blanket mortgage lien may be more than the purchase price of one apartment.

There are no blanket liens affecting title to the individual apartments.

There are blanket liens which may affect title to the individual apartments.

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

Type of Lien

**Effect on Buyer's Interest
If Developer Defaults**

There are no blanket liens on the units being sold. If the Developer has any mortgage on a unit being sold, the mortgage will be a non-blanket separate mortgage upon only that unit. If such a mortgage were in default, the Buyer's funds from closing would be used to pay off the mortgage and the unit would be conveyed free of the mortgage, or if a foreclosure occurred before closing, the Buyer could not purchase the unit but would get the Buyer's money back.

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

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other See Exhibit K

G. Estimate of Initial Maintenance Fees:

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

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

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

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other Refuse Removal

I. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

See Exhibit L

2. Appliances:

See Exhibit L

J. Status of Construction and Estimated Completion Date: Project improvements have all been completed. Substantial completion dates are as follows: (1) Original site work and exterior utilities: August 19, 1982; (2) Original landscaping and buildings: August 20, 1982; (3) Original swimming pool, wading pool and spa: August 23, 1982; (4) Additional Bldgs. A and B: March 23, 1989 and January 18, 1989 respectively.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit M contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 31, 1992

Exhibit N contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

See attached pages 18A-18E

Attachment
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Supplementary Public Report
Kaanapali Alii

1. Developer is Unit Owner and Lessor. As of the date of issuance of this Supplementary Public Report, the Developer owned 90 units in the Project representing an aggregate of 33.3739 per cent out of the total Project common interest of 100 per cent. Such percentage may decrease by small amounts as the Developer sells units and may be less than the stated percentage when a Buyer purchases. The votes attributable to the Developer's unsold units may be exercised by the Developer. The Developer's votes allow the Developer to elect a number of the Project's 9 directors under the cumulative voting applicable to the Project. The actual number elected by the Developer from time to time is available from the Project Managing Agent.

The Developer is also the Lessor for all of the Project units, under the ground leases in the unit title documents called Condominium Conveyance Documents.

The Hawaii corporation called Hawaii Omori Corporation, one of the original venturers in the Developer Royal Kaanapali Joint Venture, controls operation of the Joint Venture.

PROSPECTIVE BUYERS SHOULD NOTE THAT THE DEVELOPER TURNED OVER THE PROJECT TO THE ASSOCIATION A NUMBER OF YEARS BEFORE ISSUANCE OF THIS PUBLIC REPORT. ALTHOUGH THE DEVELOPER HAS A SUBSTANTIAL VOTE IN THE ASSOCIATION DUE TO THE DEVELOPER-OWNED UNITS, THE ASSOCIATION HAS OPERATED ON ITS OWN FOR A NUMBER OF YEARS AND THE DEVELOPER'S FUNCTION IN THE ASSOCIATION IS THAT OF AN OWNER OF APARTMENTS.

SOME INFORMATION IN THIS PUBLIC REPORT CONTAINS REFERENCES TO ACTIONS TAKEN BY THE ASSOCIATION OR CIRCUMSTANCES HANDLED BY THE ASSOCIATION. IN ORDER TO INFORM BUYERS THE DEVELOPER HAS INCLUDED SUCH REFERENCES ABOUT MATTERS THAT ARE WITHIN THE DEVELOPER'S KNOWLEDGE AND ARE DEEMED MATERIAL, BUT PROSPECTIVE BUYERS SHOULD REMEMBER THAT THE ASSOCIATION FUNCTIONS SEPARATELY FROM THE DEVELOPER. PROSPECTIVE BUYERS MAY INQUIRE OF THE ASSOCIATION AS TO THE BUYERS' SPECIFIC QUESTIONS RELATED TO THE ASSOCIATION. THE DEVELOPER ENCOURAGES ANY SUCH APPROPRIATE INQUIRY AND REFERS PROSPECTIVE BUYERS TO THE ASSOCIATION MANAGING AGENT IN SEVERAL PLACES IN THIS PUBLIC REPORT, BUT THE DEVELOPER CANNOT TAKE RESPONSIBILITY FOR INFORMATION PROVIDED TO PROSPECTIVE BUYERS BY ASSOCIATION REPRESENTATIVES.

2. Association Contracts. Copies of long-term and short-term contracts covering services to the Project, warranty documents, and documents related to AmFac (the overall Kaanapali Beach Resort developer), are available from the Project Developer or Managing Agent. In connection with Project commencement, some contracts were originally made by the Developer on behalf of the Kaanapali Alii

Association. Contracts now in effect cover such services as long-term cable television, telephone, security, elevator maintenance, landscaping maintenance, recreational activities, and others. AMFac-related documents include the overall Kaanapali Beach Resort Declaration of Restrictions, as amended, an agreement concerning changes or waivers in that Declaration, and an indemnity of the Association in connection with previous walkway construction.

3. Reserves. The Kaanapali Alii Project established a reserve for replacement and repair of major assets in 1983, shortly after beginning operation. That reserve fund has grown to a substantial amount. The actual amount from time to time is available from the Project Managing Agent.

Effective January 1, 1993, Hawaii law requires condominium associations of owners to begin budgeting for reserves and scheduling assessments of owners to meet certain financial reserve requirements. The law aims to help ensure availability of funds for a condominium association's upkeep, repair, or replacement of parts of the Project property the association is obligated to maintain, such as roofs, walls, decks, paving, and equipment. The law requires assessments that cover only a portion of budgeted reserves. These requirements are stated in the condominium law, Chapter 514A Hawaii Revised Statutes. The assessments required by the law may be implemented over a period of years for Kaanapali Alii.

Although the Kaanapali Alii reserves may meet or exceed the Hawaii law requirements, owners may expect Project budgets and collections of assessments from owners to reflect the continued building of necessary reserves and replacement of necessary expenditures from reserves. The Project Board of Directors may decide to build or keep reserves to a level above the minimum portion required by such law.

Each unit owner has an undivided interest equal to the owner's percentage common interest in the Project's reserve fund. Unit owners do not receive any reimbursement for their shares of the reserves upon selling of otherwise disposing of their Kaanapali Alii units, and such reserves remain in the Association's name and account.

4. Flood Elevation. Seaward portions of the Project land below 11.5 feet elevation, if any, are within the tsunami (tidal wave) flood limits according to a preliminary Flood Insurance Study prepared for the United States Department of Housing and Urban Development. The minimum finished floor level for Project residential buildings as shown on the plans is twelve (12) feet and for the recreation building as shown on the plans is approximately ten (10) feet. Plans for the original main office building built when the Project was constructed (called Building A) showed its finished floor elevation to be ten (10) feet. Plans for the addition to Building A and the new Project building (called Building B) added in 1989 show their minimum finished floor level elevation to be nine (9) feet and ten (10) feet respectively.

5. Fire Sprinklers. After Project construction, the Project buildings were retrofitted with a fire sprinkler system and certain fire alarm system upgrades, as required by ordinance of Maui County. The Managing Agent has information on this work.

6. County Indemnities. As a condition to issuing its permit for construction of the Project within the shoreline Special Management Area, the County of Maui required two Declarations of Covenants to be recorded on title to the Project property and units. These Declarations are identified as encumbrance items 8 and 9 in Exhibit J, which describes encumbrances on title. In the Declarations, the Developer agrees to indemnify the County of Maui, its offices and subdivisions, and the agents, officers and employees of any of them from loss or claims in connection with issuance of such permit. The undertakings and commitments in these Declarations are binding on the Developer and all subsequent owners, lien holders, mortgagees, successors in interest and assigns as to any of the Project property, including condominium unit owners.

Also identified as encumbrance item 7 in Exhibit J is a "Private Water System Agreement" made between the Project Association and the Maui County Department of Water Supply in 1988. The County required that Agreement as a condition of issuing the building permits for two new buildings constructed in the Project in 1989. In that Agreement, the Association certifies that the Project's private water system is adequate for the Project, and the Association agrees to indemnify the County against any claims in connection with such private water system. This indemnity also is binding on Project apartment owners.

7. Water and Sewer Companies. The water system and the sewer system for the Project were originally private systems operated by AmFac Communities-Maui. The privately-owned company that still provides water services is regulated by the State of Hawaii as a public utility. Sewerage services are provided by the County of Maui.

As a condition to granting the original County building permit for the Project, the County of Maui, Department of Water Supply required that the Developer enter an agreement representing that the water system is adequate to provide water for the Project, the County is under no obligation to provide such water, the Developer assumes all risks of fire damage, personal injury, and other risks resulting from the private water system and will indemnify the County against loss and claims in connection with the building permit or water system. The obligations under this agreement are binding on the subsequent owners of any interest in the Project land, including condominium unit owners.

8. Public Beach Access. Hedges planted along the north and south boundaries of the Project land were set back five (5) feet from the actual boundaries to allow for beach access for the public, as required by the County of Maui. In addition, ten (10) parking stalls, which are common elements of the Project as provided in the Project Declaration, are required to be provided for public parking

at the Project boundary adjacent to Nohea Kai Drive (previously called the South Beach Access Road). The Project plans originally contained a walkway lying seaward of the shoreline setback line and running parallel to the shoreline, for connection with a pedestrian network for the Kaanapali Beach Resort area.

9. Reserved Units. The Developer reserves the right in the Project condominium documents to retain any number of the apartments to itself or an affiliate, and to rent out such apartments.

10. Inspection Access. The Project Declaration states that the Board of Directors or Managing Agent shall have the right to enter apartments from time to time during reasonable hours to maintain, repair, and tend planters adjacent to apartment lanais and the plants therein. Such planters are common elements of the Project.

11. SMA Permit. The work of original Project construction within the County of Maui shoreline Special Management Area was done pursuant to a permit by the County, which stated that it was good for ten (10) years and was extendable for good cause where no changes have been made or will be made in the original Project plans as specified to the County. The 10-year period of the permit has expired.

12. Arbitration of Disputes. Since the Project was established, Chapter 514A Hawaii Revised Statutes was amended to include a part providing that in certain cases, arbitration may be required upon demand of any party when there is a dispute concerning or involving condominium owners, the Association, the Board of Directors, or the Managing Agent. Matters covered are matters such as interpretation or enforcement of the Project documents or Chapter 514A. Other requirements and conditions are stated in this law, about which prospective buyers may wish to be advised.

13. Owners' Changes. Certain owners of one or more units in the Project may have made changes in such units in the past, whether within the apartments or affecting some of the common elements. Information about any such activities may be available from the Managing Agent.

14. Disabilities Laws. There are both federal and Hawaii laws aimed at protecting persons with "handicapped status." Federal laws include the "Americans with Disabilities Act" and portions of the "Fair Housing Act." The Hawaii law is in Section 515-3 of the Hawaii Revised Statutes. These laws address matters such as "reasonable modifications" to premises, "reasonable accommodations" in rules and practices and the like, and design and construction of multi-family housing, all to deal with needs of such handicapped persons and prevent discriminatory practices against such persons. The Kaanapali Alii Project was constructed before these federal and Hawaii laws were enacted, so provisions that deal with new design and construction of facilities for occupancy after the Project's completion do not apply to Kaanapali Alii. The Association has informed the Developer that the Association is in the process of evaluating

the applicability and effect of such laws as to the Project and has acquired a professional audit for that purpose. Some changes may be made pursuant to such laws in limited areas of the Project where public entry may be permitted. Details on such matters should be available from the Project managing agent. The Developer does not make any representation or warranty about whether the Project or units for sale are affected by or comply with such laws or accommodations of disabilities. Prospective buyers should consult with their own advisers to determine if the Project or any particular unit is suitable for the buyer, considering any disabilities or handicaps of the buyers.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;
AND
 - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

B. Rights Under the Sales Contract:

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

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Condominium Conveyance Document and amendments, Assignment of Condominium Conveyance Document, and Condominium Map.

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

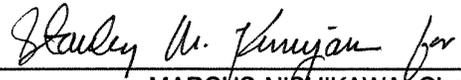
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is part of Registration No. 1212 filed with the Real Estate Commission on
December 11, 1979.

Reproduction of Report. When reproduced, this report must be on:

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



MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Finance, County of Maui
Planning Department, County of Maui
Federal Housing Administration

EXHIBIT ONE
to
Condominium Public Report
Kaanapali Alii

ESTIMATE OF CURRENT MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

<u>Apartment</u>	<u>Monthly Fee</u>	x	<u>12 Months</u>	=	<u>Yearly Total</u>
I 105-106, III 105-106 (Type A)	\$725.59	x	12	=	\$8,707.08
I 103, II 103, III 104, IV 104 (Type B)	\$725.25	x	12	=	\$8,703.00
I 101, II 101-102, III 102, IV 101-102 (Type C)	\$601.47	x	12	=	\$7,217.64
I 102, III 101 (Type C-1)	\$609.16	x	12	=	\$7,309.92
I 104, III 103 (Type D)	\$498.87	x	12	=	\$5,986.44
II 105, IV 106 (Type E)	\$695.55	x	12	=	\$8,346.60
II 106, IV 105 (Type E-1)	\$702.72	x	12	=	\$8,432.64
II 104 (Type F)*	\$599.94	x	12	=	\$7,199.28
I 1105, III 1105 (Type G)**	\$707.67	x	12	=	\$8,492.04
I 205-206, 305-306, 405-406, 505-506, 605-606, 705-706, 805-806, 905-906, 1005-1006, 1106; and III 205-206, 305-306, 405-406, 505-506, 605-606, 705-706, 805-806, 905-906, 1005-1006, 1106 (Type G)	\$704.59	x	12	=	\$8,455.08
I 203, 303, 403, 503, 603, 703, 803, 903, 1003, 1103; II 203, 303, 403, 503, 603, 703, 803, 903, 1003, 1103; III 204, 304, 404, 504, 604, 704, 804, 904, 1004, 1104; and IV 204, 304, 404, 504, 604, 704, 804, 904, 1004, 1104 (Type H)	\$703.91	x	12	=	\$8,446.92

I	201-202, 301-302, 401-402, 501-502, 601-602, 701-702, 801-802, 901-902, 1001-1002, 1101-1102;					
II	201-202, 301-302, 401-402, 501-502, 601-602, 701-702, 801-802, 901-902, 1001-1002, 1101-1102;					
III	201-202, 301-302, 401-402, 501-502, 601-602, 701-702, 801-802, 901-902, 1001-1002, 1101-1102; and					
IV	201-202, 301-302, 401-402, 501-502, 601-602, 701-702, 801-802, 901-902, 1001-1002, 1101-1102 (Type I)	\$589.69	x	12	=	\$7,076.28
II	205, 305, 405, 505, 605, 705, 805, 905, 1005, 1105; and					
IV	206, 306, 406, 506, 606, 706, 806, 906, 1006, 1106 (Type J)	\$682.91	x	12	=	\$8,194.92
II	206, 306, 406, 506, 606, 706, 806, 906, 1006, 1106; and					
IV	205, 305, 405, 505, 605, 705, 805, 905, 1005, 1105 (Type J-1)	\$690.08	x	12	=	\$8,280.96
II	204, 304, 404, 504, 604, 704, 804, 904, 1004, 1104; and					
IV	203, 303, 403, 503, 603, 703, 803, 903, 1003, 1103 (Type K)	\$577.91	x	12	=	\$6,934.92
I	204, 304, 404, 504, 604, 704, 804, 904, 1004, 1104; and					
III	203, 303, 403, 503, 603, 703, 803, 903, 1003, 1103 (Type L)	\$658.16	x	12	=	\$7,897.92

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

(*The other Type F unit is a common element without its own maintenance fee.)

(**These two Type G units have a slightly higher common interest and maintenance fee than other Type G units because extra parking stalls were assigned to these two units.)

ASSOCIATION OF APARTMENT OWNERS
KAANAPALI ALII

BUDGET 1992 - 1993

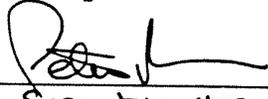
	Monthly	* Annual
INCOME		
Maintenance Assessments	116,286	1,395,431
Capital Reserve Assessments	25,250	303,000
Cap Improvement Assessment	3,750	45,000
Contingency Provision	3,525	42,303
Common Area Service	21,917	263,000
Prior Operating Variance	10,250	123,000
Interest Income	2,500	30,000
Late Fees	0	0
	-----	-----
TOTAL INCOME	183,478	2,201,734

EXPENDITURES		
UTILITIES		
Net Telephone	(1,167)	(14,000)
Electricity	37,276	447,315
Gas	958	11,500
Refuse	2,542	30,500
Television	5,467	65,600
Water/Sewer	9,625	115,500
	-----	-----
SUBTOTAL UTILITIES	54,701	656,415
	-----	-----
REPAIRS & MAINTENANCE		
R&M - Elevators	1,942	23,300
R&M - Grounds	12,617	151,400
R&M - Pest Control	534	6,410
R&M - Pool	1,842	22,100
R&M - Building	12,583	151,000
R&M - Heavy Equipment	3,008	36,100
R&M - Tennis Courts	350	4,200
R&M - Window Cleaning	1,041	12,490
R&M - Building Supplies	2,333	28,000
	-----	-----
SUBTOTAL REP & MAINT	36,250	435,000
	-----	-----

GENERAL AND ADMINISTRATIVE

Audit/Tax Fees	492	5,900
Amfac Maintenance Fee	5,302	63,620
Contingency Expense	3,525	42,303
Directors' Expense	3,000	36,000
Insurance Expense	7,261	87,136
Income Tax Expense	855	10,260
Legal Fees	367	4,400
Miscellaneous Expense	0	0
Office Supplies	583	7,000
Security Expense	15,450	185,400
Soda Machine Expense	0	0
Taxes - General Excise	658	7,900
Common Area Service	21,917	263,000
Capital Reserve Contra	25,250	303,000
Depreciation	4,117	49,400
Capital Improvement Fund	3,750	45,000
	-----	-----
Subtotal Gen & Admin	92,527	1,110,319
TOTAL EXPENSES	183,478	2,201,734
	-----	-----

I/We, Classic Resorts Limited as Managing Agent for Kaanapali Alii Condominium Project, hereby certify that the above estimates of maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

By 
 Its Executive Vice President
 Date March 18, 1993

(* Primary amounts are the yearly figures. Monthly amounts are rounded to nearest dollar after deriving them by dividing the yearly amounts by twelve, and are not always precisely one - twelfth of the yearly total.)

EXHIBIT A
to
Condominium Public Report
Kaanapali Alii

CHANGES

I. General. This exhibit contains information about how the Project condominium documents may be changed. Some information is also included in this exhibit because the information relates to changes in physical parts of the Project. Sometimes physical changes may entail changes to the condominium documents, the Condominium Map, or other documents. The primary focus is on (1) what percentage, if any, of apartment owners must approve certain changes, and (2) reserved rights of the Developer to make certain changes.

A. Other Requirements. In some cases, the question whether enough of the apartment owners have consented to a change or whether the Developer reserved rights to make a change is not the only matter to be considered. Other requirements may be stated in the Declaration or By-laws. The condominium law (Chapter 514A Hawaii Revised Statutes and regulations of the Hawaii Real Estate Commission) may also impose requirements or conditions that are not stated in the Declaration or By-laws, and even decisions of Hawaii courts can affect what it takes to make changes. It is possible that Hawaii case law decisions may impose requirements that are different from the apparent requirements stated in condominium documents or that Hawaii case law decisions by courts may affect the interpretation or application of particular documentary or statutory terms. The condominium law also requires that the Declaration and By-laws always must contain certain terms.

Such other requirements are not repeated here, but in appropriate cases persons dealing with changes must satisfy such other requirements. Examples are consent or approval by the Project Board of Directors, unit mortgagees, the Project ground lessor, a design committee, someone benefitted by a private covenant on title to the Project land, or a governmental entity.

A prospective apartment owner should read the Declaration and By-laws carefully for the full provisions referenced in this exhibit and should be advised concerning the condominium law and other provisions that may affect the question of making or preventing changes to the Project.

In addition, prospective owners of any apartment in a condominium project should realize that by a sufficient vote of approval by unit owners, management of the Association may be empowered to take many actions, and that effective and efficient project management requires a balance between safeguards for owners in the form of approval requirements and sufficient authority for the Board and other project management to act expeditiously when necessary in the best interests of the Association.

B. Overlap. Some provisions concerning changes may appear to overlap. Any person considering changes in the Project or its condominium documents should examine and be advised about all the terms applicable to the change. If provisions overlap, it may be necessary to comply with the more demanding requirements.

C. Definitions. A reference in the Declaration or By-laws to a percentage of owners means the aggregate percentage of common interests owned by such owners, not a number of owners counted by the number of separate persons who hold title to the condominium apartments. Similarly, references to approvals by a "majority" of the owners or by the "Association" mean by a majority of the common interest where a specific percentage is not mentioned.

II. Changes by Apartment Owners. Minimum percentage or other calculation of common interest which must vote for or give written consent to changes in the Project condominium documents:

A. Declaration (and Condominium Map).

1. Section Q. Unless the condominium law or the Declaration itself provide otherwise, Declaration amendments generally require a two-part approval: (i) 75% of the total common interest including units owned by the Developer plus (ii) a majority of the total common interest excluding units owned by the Developer.

There are exceptions to these general amendment percentages and a number of other provisions in the Declaration dealing with changes, including the following:

2. Terms That State Approval Minimums. Section Q says that when a specific term in the Declaration states a percentage of votes or approval that must be given for some action to be taken or not taken, then the percentage necessary to amend that term is at least the percentage stated.

3. Parking Stalls. Amendments to change the designation of parking stalls that go with particular units may be made as provided in the condominium law. (See Chapter 514A.) So far as unit owners go, only the owners of the stalls being changed need approve. Other consents are also required. (See also Section I of the Declaration.)

4. Common Interest Changes. Except for parking stall transfers, changes to an apartment's common interest and appurtenant easements require the consent of all owners of apartments affected thereby and approval of enough of the owners to amend the Declaration. (See Section I.) Practically, this could require unanimous owner approval.

5. Certain Changes by Association. Subsection K-6 says that for the Association to erect or place on the Project any building or structure (including fences or walls) or make additions, or structural alterations, or exterior changes to the common

elements, there must be approval of the plans and specifications by owners having a majority of the total common interest (or a larger percentage as required by law or the Declaration) and including all unit owners who are directly affected. Practically, such a larger percentage could be required by other terms such as those setting percentages necessary to amend the Declaration.

6. Alteration of Project. Section P says that restoration or replacement of the Project or of any building, or construction of any additional building or structural alteration or addition to any building, any of which is materially different from the Condominium Map, and whether undertaken by the Association or any owner, requires consent of apartment owners having 75% or more of the common interest and consent of all apartment owners directly affected by such action (and others).

7. Mandatory Rebuilding. Whenever any Project improvement is substantially damaged or destroyed by any casualty not required in the Declaration or By-laws to be insured against, such improvement shall be rebuilt, repaired or restored unless the owners of 75% of the total common interest execute an instrument expressing their decision not to rebuild, repair or restore.

B. By-laws.

The Project By-laws were previously amended and are restated in a document called "Sixth Amendment of Declaration of Horizontal Property Regime and By-laws of Kaanapali Alii," dated September 21, 1991 and filed as Land Court Document No. 1859616. Amendments of the By-laws may be referred to as amendments of the Declaration because when the Project condominium documents were established, the By-laws were recorded as an exhibit to the Declaration, not as a separate document. Nevertheless, the percentages stated in the By-laws control owners' consent requirements for By-law changes. The next-to-last sentence in Section Q of the Declaration covers this point.

1. General Requirements. Generally, amendments to the By-laws require approval by owners having at least 65% of the common interest. Twenty-five percent (25%) of the common interest may petition through a volunteer owners' committee for a change. (See Art. XIII, Sec. 14.)

Article XIII, Section 14 says that the 65% vote or written consent to adopt a proposed By-law amendment must be obtained within 120 days after mailing the proposed change to owners (a provision based on a statutory requirement). There is no express statement whether the 120-day limit applies only to change proposals made by such a petition or to all change proposals however made.

2. Statutory Requirements. By-law amendments must retain statutory by-law requirements in Section 514A-82, Hawaii Revised Statutes, or any successor or similar statutory provision.

3. By-law Terms Stating Percentages. If any By-law term provides for a certain percentage approval (higher than 65%) for action to be taken or not taken, owners should expect to need approvals of at least the percentage stated in that term in order to make an amendment.

4. Disapproval of Rules. A resolution of the Association may disapprove changes in rules and regulations adopted by the Board of Directors. Such a resolution would require first, a quorum of apartment owners, which is a majority of the apartment owners, in order to act, and then consent by a majority of that quorum. (See Art. IV, Sec. 11(E).)

5. Certain Changes by Owners. An addition or alteration in or to an apartment that either exceeds \$10,000.00 in cost or which may affect the common elements or change the Project exterior requires written consent of the Board. (See Art. XIII, Sec. 6.)

6. Certain Changes by Board. Alterations and additions by the Board of Directors costing \$5,000.00 or more require approval from owners having a majority of the common interest. (See Art. XIII, Sec. 5.)

7. Borrowing/Loaning. The cost of borrowing money by the Association may be charged to owners as a common expense if owners of at least 50% of the common interest give written consent to the borrowing. (See Art. XIII, Sec. 5A.) The Board also may not loan or invest for the Association without a resolution by Owners whose aggregate common interest equals a majority of a quorum (i.e., a majority of a majority of all owners). (See Art. IV, Sec. 11(K).)

8. Donating/Selling Project Property. The Board may not give away or sell any of the property submitted to the Project or intended for use in connection with the Project without approval by owners having 75% of the common interest. (See Art. IV, Sec. 11(D).)

9. Certain Changes by Owners. Article VIII, Section 2(J) says that for any owner or occupant to erect or place in the Project property any building or structure including fences and walls, or make any additions or alterations to any exterior common elements, the plans and specifications for such changes must be approved by owners having a majority of the common interest (or a larger percentage as required by law or the Declaration) including all unit owners who are directly affected. This term is comparable to the one addressed to the Association in Subsection K-6 of the Declaration.

10. Other. Various other terms in the By-laws deal with amendments or approvals of exceptions. For example:

a. Article X, Section 5(B)--approvals in connection with rebuilding or restoring after damage or destruction,

including dealing with elimination of an apartment, inadequate insurance proceeds, or plans that are no longer legal (some of these provisions also require amendment of the Declaration to effect them);

b. Article XI--changes in connection with condemnation (governmental taking, eminent domain);

c. Article XII--special rights of consent (and other rights) that mortgagees of units have (other terms in other articles such as Articles X and XI also refer to requirements for mortgagees' consents);

d. Article XIII, Section 8--incorporation of the Association requires a majority of common interest approval; and

e. Article IV, Section 11(T)--approval by owners having a majority of the common interest (excluding the Developer) required for the Board to make certain contracts longer than one year or incur certain expenditures.

II. Developer's Reserved Rights.

1. Developer's Votes. As to any proposed change, the Developer may exercise the vote or approval right represented by the common interest of the units owned by the Developer, either for or against such a proposal.

2. Parking Stalls. The Developer may reassign all or a portion of the extra parking stalls made appurtenant to Apartment I-1105 or Apartment III-1105. (See Sections C and Q of the Declaration.)

3. Easements. The Developer could designate, grant, convey, lease, and assign easements as to the Project land for provision of services and access to the Project, as well as title to the land within any such easement that is for access purposes, as stated in Subsection H-5 of the Declaration.

4. Certain Changes with Consents. Section Q of the Declaration provides, among other things, that after some apartments have been conveyed to owners, upon obtaining consent to amendment from appropriate conveyees (if such consent is required), the Developer may amend the Declaration and By-laws if and as required by any jurisdiction other than Hawaii in which registration and/or sales of the Project may be made, upon or in connection with issuance of a Supplementary Condominium (HPR) Report, if required, by the Hawaii Real Estate Commission.

5. Other. Section Q of the Declaration contains various other terms relating to Developer's reserved rights of amendment that were applicable to original development of the Project.

EXHIBIT B
to
Condominium Public Report
Kaanapali Alii

INFORMATION REGARDING LEASEHOLD ASPECTS

A. Interest to be Conveyed to Buyers. Buyers who close their purchases will receive title to a condominium unit consisting of the apartment and an undivided percentage interest in the common elements other than land, plus an undivided leasehold percentage interest in the land. The two percentages mentioned above will be equal and are called the "common interest" collectively.

B. "Apartment" Concept. The Declaration defines what portion of the unit technically constitutes the "apartment" for the purpose of describing the unit title. The word "apartment" often refers to the whole condominium unit including the living space, common interest, and rights and interests that go with the unit, but when used above to describe part of the package of interests that make up a condominium unit title, "apartment" means the area described in Subsection D-4 ("Limits of Apartments") in the Declaration. The Declaration also defines the common elements and states the percentage common interest for each unit.

C. Inseparable Interests. The apartment and the common interest making up the condominium unit title are inseparable from each other and cannot be separately transferred or encumbered. Although the common interest can be changed under some circumstances, there must always be a combination of the apartment and common interest to make up the unit title as long as the property is a condominium project.

D. Documents to be Used for Conveyance. The basic title document for each of the units is called Condominium Conveyance Document ("CCD"). Before a prospective buyer contracts to buy a unit, he or she should receive a copy of a standard CCD form if not the actual CCD for that particular unit. Each CCD has a section called "Apartment Conveyance" that deeds the apartment and an undivided percentage interest in common elements other than land, and another section called "Ground Lease" that leases the undivided percentage interest in the land. The CCD's also contain various other formal lease terms.

The Developer previously recorded CCD's for the titles to all the Project units that the Developer is selling under this Public Report. Those CCD's placed those unit titles in the Developer as apartment owner. The eighty-year ground lease began for each of those units upon the effective date of the CCD for that unit.

All of the units the Developer is selling under this Public Report had an effective date of February 28, 1983, except for Apartment 303 in Building I, whose CCD was effective as of July 27, 1984.

The effective dates for all the CCDs in the Project, including CCDs for units previously sold and those not previously sold, varies across a period of several years. Consequently, the dates for periodic fixed rent step-ups, periodic renegotiations of rents, and eventual ground lease expirations vary somewhat for different apartments, depending upon the CCD commencement dates.

The document to be used to convey a unit title to a current buyer will be an "Assignment of Condominium Conveyance Document." Since the ground lease previously commenced for each unit being sold and runs 80 years from that commencement, the Assignment will transfer the balance of the leasehold period.

E. Leasehold Nature; Surrender Clause. The apartments and undivided interests in common elements other than land are conveyed in fee simple to apartment owners, but the surrender clause in the CCD's limits what can be done with the units by apartment owners when the ground lease term expires or is terminated before expiration. At that time, when the undivided interest in the land goes back to the Lessor, the apartment owners can remove or dispose of the buildings if all of the owners agree and do so by the expiration date or within 30 days after a termination that occurs before expiration. If there is no such removal or other disposition, then all of the owners must give up possession of the buildings. Whether or not there is such a removal or other disposition, each of the apartment owners must execute and deliver a proper document conveying to the Lessor the owner's interests and title, and may receive in exchange for that document a proportionate share of \$264,000.00. The "proportionate share" is defined in the CCD and is based on the apartment's common interest. There are other provisions in the surrender clause to ensure that the owners' interests get transferred appropriately to the Lessor.

Prospective buyers should read and understand the surrender clause in Paragraph 16 of Section IV in the CCD, and also should read and understand all of the CCD, before contracting to purchase a unit.

F. Lease Rents--Fixed and Renegotiation Periods. The ground lease rent for each unit is fixed for the first 30 years after the CCD for that unit is effective. That fixed rent is not the same for the whole 30 years; it steps up every 5 years to a stated amount. Each CCD states what fixed rents are for the unit covered by that CCD. At the end of that 30 years, the ground lease rent is renegotiated for a 10-year period and is further renegotiated every 10 years after that. There are 5 such renegotiation periods of 10 years each after the 30-year fixed rent period.

1. Step-up of Fixed Rents. One or more of the 5-year fixed rent periods will have already expired when the CCD is assigned to a current buyer. The lease rent the buyer starts paying will be based upon the 5-year period that is in effect when the buyer receives title. With this thought and the commencement date of the CCD in mind, the actual rents and the remaining time for the fixed

rent to apply for a particular unit can be determined by looking at the CCD or a rent schedule for that unit.

For example, for a CCD effective upon recording on February 28, 1983, the fixed rent period would be from February 28, 1983 through February 27, 2013 (30 years), the first 5-year fixed rent period would be February 28, 1983 through February 28, 1988, and the fixed rent step-up dates for the remaining 5-year periods would be February 28 in each of the years 1988, 1993, 1998, 2003, and 2008.

2. Renegotiation. When a buyer has determined when his fixed rent period ends as explained above, he can then easily determine what the dates will be for the renegotiated rents.

For example, if the overall fixed rent period ends on February 27, 2013, the overall period for renegotiated rates would be February 28, 2013 to February 27, 2063 (50 years), the first renegotiation date would be February 28, 2013 for the next 10 years, and the renegotiation dates for each of the 4 remaining 10-year periods would be February 28 in each of the years 2023, 2033, 2043, and 2053.

The provisions on how rents are renegotiated are contained in Section IV, Subparagraph 1(g) and in Section V, Paragraph A ("Appraisal") of the CCD. Subparagraph IV-1(g) says that the renegotiated rent may be determined by written agreement between the Lessor and the Board of Directors of the Association on behalf of the apartment owners. If there is no such agreement by the date 90 days before the renegotiation date (February 28, 2013, 2023, etc.) the rents will be set by appraisal under Paragraph V-A.

The "appraisal" process is a specified way to determine the rents by using separate appraisers if voluntary agreement to the rent without that process is not reached by a given time. In that process, there are three appraisers: one appointed by the Lessor, one by the Association through the Board of Directors, and a third appointed by the first two appraisers. There are provisions in Paragraph V-A to allow either the Lessor or the Association to have the other party's appraiser appointed by a judge if the other party does not make that appointment within 15 days after demand. There are also provisions to allow either the Lessor or the Association to have a judge appoint the third appraiser if the first two appraisers do not make that appointment within 20 days after the second appraiser is appointed.

The appraisers determine the fair market value of the Project land as of the renegotiation date. In determining that value, the appraisers are required to assume that the Project land, taken as one parcel with its enhancements of street improvements (other than ones paid for by the apartment owners through improvement district assessments), contributing benefits, betterments and other related economic influences and value factors, (1) is vacant of all buildings, (2) is unencumbered by any lease (such as the CCD's) or by any right or interest in the land in favor of a person other than the

Lessor, and (3) is available for immediate development and utilization to the then highest and best use for the land. As long as the above requirements are met, the appraisal is to be what competent, experienced and recognized real estate appraisers in Hawaii would generally accept.

The appraisers determine the rent by multiplying the fair market value of the land by a percentage. That percentage is the higher of (1) seven percent (7%) or (2) the "generally prevailing net percentage rate of rental return enjoyed by owners of land situated in the County of Maui, State of Hawaii, bearing comparable characteristics and possessing similar amenities." (For example, one of the Project land characteristics is that it is oceanfront property.)

There is a floor below which the rent could not be set by such appraisal process. That floor is the rent effective for the immediately preceding rental period.

Costs of such appraisal process are shared. Each of the Lessor and the Association pays for one of the first two appointed appraisers, plus half of the remaining costs and expenses including the third appraiser's fee. The Association's share is to be spread among apartment owners according to their common interests.

3. Arbitration. In 1989, after the Project had been established and the CCDs for the units now being sold had been recorded as described in paragraph D of this exhibit, the State of Hawaii enacted a statute providing for mandatory arbitration to determine ground lease rents for condominium units such as those making up Kaanapali Alii. This statute applies only to rental reopening periods such as the 10-year renegotiation periods under the Kaanapali Alii CCD's, not to fixed rent periods. The statute is contained in Section 516D-12 Hawaii Revised Statutes and was placed in Hawaii's laws by Act 168 of Hawaii's laws enacted in 1989.

This law provides that residential leases of condominium units "shall contain" a provision for such mandatory arbitration, and if the leases do not contain such a provision, then a rental arbitration procedure prescribed in the statute will apply. The procedure involves the lessor's and lessee's appointment of three appraisers to set the rents, sharing of the applicable costs, and being conclusively bound by the arbitration results.

The CCD's for Kaanapali Alii units now being sold by the Developer provide for a rental appraisal procedure in the nature of arbitration to establish rents upon reopening of the 10-year rental periods. That procedure in the CCDs, however, is not stated to be mandatory in all circumstances. The CCDs provide that the appraisal procedure applies only if the Lessor and the Project Board of Directors fail to agree upon rent for such a ten-year period. See Section IV, Paragraph 1(g) and Section V, Paragraph A in the CCDs.

The effect or lack of effect of such a law upon reopening of future rents under the Kaaanapali Alii CCD's has not been determined. An evaluation of such effect or lack of effect may take into account the terms of the statute itself, terms of Act 168 (which provides among other things that it does not affect rights and duties that matured or proceedings that were begun before its effective date on July 1, 1990), the Hawaii Legislature's intent in enacting the statute, all applicable facts, subsequent changes (if any) in the law, and other factors.

The Developer's purpose in this Public Report is only to describe this matter and provide an opportunity for prospective buyers to be advised about it. Statements in this Public Report are not to be taken as a contention or legal position by the Developer or Lessor one way or the other about the matter covered or as a commitment to or foreclosure of any contention or legal position by the Developer or Lessor in the future.

G. Ground Lease Term Expiration. The ground lease period under each CCD expires 80 years after that CCD was effective. The expiration date is determined by the original commencement date of the ground lease term, not by the date of assignment to a buyer. For example, the term of a CCD effective on February 28, 1983 would expire on February 28, 2063, regardless of when an assignment is made by the Developer to a new buyer. In most cases the ground lease term commenced effectively on the date upon which the CCD was recorded. In some cases, a CCD may state that it is effective on a certain date, but may have been presented for actual recording on a different date. The Developer is treating the ground leases as having commenced upon the stated effective dates.

EXHIBIT C
to
Condominium Public Report
Kaanapali Alii

SCHEDULE OF FIXED MONTHLY LEASE RENTS FOR EACH APARTMENT

Rents are stated by apartment type. Prospective buyers can find the rent for a particular apartment by finding its type stated in Section D of the Declaration.

<u>Apt. Type</u>	<u>*First 5 years</u>	<u>*Second 5 years</u>	<u>Third 5 years</u>	<u>Fourth 5 years</u>	<u>Fifth 5 years</u>	<u>Sixth 5 years</u>
A	\$ 247.51	\$ 286.93	\$ 332.64	\$ 385.62	\$ 447.04	\$ 518.24
B	247.40	286.80	332.48	385.44	446.83	517.99
C	205.17	237.85	275.74	319.66	370.57	429.59
C-1	207.79	240.89	279.26	323.74	375.30	435.07
D	170.17	197.26	228.70	265.12	307.35	356.30
E	237.26	275.05	318.86	369.65	428.52	496.78
E-1	239.71	277.89	322.15	373.46	432.94	501.90
F**	204.65	237.24	275.03	318.84	369.62	428.49
G	240.35	278.63	323.01	374.46	434.10	503.24
G***	241.40	280.01	324.42	376.09	435.99	505.62
H	240.12	278.36	322.70	374.10	433.68	502.75
I	201.15	233.19	270.34	313.40	363.31	421.17
J	232.95	270.06	313.07	362.94	420.74	487.75
J-1	235.40	272.89	316.36	366.75	425.16	492.87
K	197.14	228.53	264.94	307.13	356.05	412.76
L	224.51	260.27	301.72	349.78	405.49	470.07

- * One or more of the 5-year fixed rent periods may have expired when a buyer closes a purchase and starts paying rent, because ground lease terms were previously commenced.
- ** One of the two Type F units is the Manager's Apartment and does not have maintenance fees or ground lease rent.
- *** These rents apply only to I-1105 and III-1105, which have slightly higher ground lease rents than other type G units.

After the fixed-rent periods, ground lease rents are reopened as provided in the CCD's.

All ground lease rents are base rents only. Apartment owners must also pay other amounts such as real property taxes and assessments, general excise tax, and other expenses applicable to the apartments.

EXHIBIT D
to
Condominium Public Report
Kaanapali Alii

DESCRIPTION OF PROJECT

A. Previously Constructed and Occupied Buildings. Describing the buildings in the Project as "new" means that the Developer had them constructed new when the Project was established and did not convert previously existing buildings to a condominium. The buildings are not newly constructed as of the date of this Public Report. The actual dates of substantial completion for the residential buildings and most of the other building improvements in the Project were in 1982. Two related buildings for Project use were completed in 1989. The Project buildings have been used and the buildings designed for occupancy and apartments in them have been occupied for one or more periods during the approximate 10 years between completion of initial construction and issuance of this Public Report. Some of the units have had short term vacation occupancy.

B. Updates to Description. To get a more detailed understanding of the basic Project improvements, including the residential and other buildings, recreational facilities, building orientation, construction materials and parking, prospective Buyers may wish to look at Section C and Section E (as amended) of the Declaration and at the Condominium Map as amended, and especially at the physical Project.

The First and Second Amendments of the Declaration made two corrections in Section C--one to specify that the regular size parking stalls in the North Garage are numbers 1 through 3 and 5 through 82, not "50" through 82, and another to specify that one of the two units having extra parking stalls assigned to it for the Developer's purposes is Apartment 1105 in Building I, not Apartment "1106." The Third Amendment was an amendment required by law in Hawaii to record the Project architect's "as-built" certificate. (The Fourth, Fifth, and Sixth Amendments amended the Project Bylaws.)

The Declaration was also amended by a seventh amendment to add to the list of Project common elements certain improvements that were constructed: an addition to the main office building (Building A), a new building (Building B), a fire sprinkler system, and to show certain parking changes.

Prospective purchasers are encouraged to read and understand applicable descriptions and to visit and examine the Project before contracting to purchase a unit.

EXHIBIT E
to
Condominium Public Report
Kaanapali Alii

USES OF APARTMENTS AND PROJECT COMMON ELEMENTS

1. General Purposes; No Timesharing. The basic use term is stated in Section J of the Declaration. Section J says that the apartments are to be occupied and used only as private dwellings and may be utilized for long-term or transient rentals.

Subject to the foregoing limitations, the owners of the respective apartments, including the Developer and any affiliate thereof as to any number of apartments retained, have the absolute right to rent or lease the same, subject to the Declaration. Sales of time-sharing use, however, are prohibited. The term "time-sharing use is defined in Section J. Permitted transient rentals and occupancies are to be distinguished from the prohibited time sharing use.

2. Other Specific Limitations; By-Laws and House Rules. Article VIII, Section 2 of the Project By-laws contains additional specific restrictions on use.

Among the use provisions in the By-laws are the following:

a. No posting of advertisements, posters or signs on the Project.

b. Required exercise of extreme care about disturbing noises, including noise caused by children.

c. Restriction of playing to areas intended for such use. Stairways, corridors and parking areas are not intended for such use. Other areas may also not be intended for such use.

d. No overloading of floors, walls or roofs, and no activity that would increase insurance rates.

e. No decorating or landscaping of any apartment entrance or other part of the Project except in compliance with standards or plans approved by the Board.

f. No installation of wiring for electrical or telephone installations, machines or air conditioners, and no antennas.

The Project By-laws also contain other use provisions.

The Project House Rules also contain numerous specific provisions, all in addition to the terms stated above.

Every prospective owner should be aware of the use provisions in the Declaration, the By-laws, and the House Rules, in addition to any other use terms. Owners are especially encouraged to read and understand Section J of the Declaration and all of the By-laws and House Rules.

3. Declaration of Restrictions and Other Encumbrances. Each apartment owner's use and occupancy of the Project are subject to all of the terms and provisions of a document called Declaration of Restrictions, dated December 23, 1977, filed as Land Court Document No. 853030 and any amendments to that Declaration. The Declaration has been amended twice--by Land Court Document No. 906095 dated October 31, 1978 and Land Court Document No. 1075081 dated June 30, 1981.

That Declaration is a set of restrictions placed on the Project land by the company that did the overall development of the Kaanapali Resort in which the Project is located. It originally created various terms enforceable by AmFac, Inc., and was assigned in 1980 to AmFac Property Corp., an affiliate of AmFac, Inc. Since that time, the AmFac family of companies may have undergone various corporate or other organizational changes. Where this material refers to "AmFac", it is intended to mean the successor or assignee of the original parties to the Declaration of Restrictions, and to indicate that those successors or assignees may be the ones to enforce and administer the Declaration.

It is not practical to repeat all of the Declaration of Restrictions as amended in this Public Report. Some of its terms, however, are the following:

a. Plans and specifications for the Project and making of any improvements to the Project or painting are subject to approval by AmFac or the architectural review committee of AmFac.

b. Use of the Project land is restricted to development and maintenance of a first-class destination resort.

c. The Association of Apartment Owners of the Project will be responsible for maintaining all facilities on or in the Project land required to furnish utilities for the Project. Members of the Association may be required to pay their pro rata share (as defined in the Declaration of Restrictions, as amended) of (a) the expenses and cost to AmFac in providing water and sewer systems service to the boundary of the Project land, (b) any hook-up or initial service charges in the event a governmental or private concern takes over supply of such utilities, and (c) expenses and cost of certain improvements and facilities provided by AmFac for use of Association members, such as roadways, sewers, parking areas, transportation systems, walkways, utility lines and facilities, recreation facilities and landscaping. Some condominium units that are rented on short-term rentals may come within the definition of a "Resort Rental Unit" in the Declaration of Restrictions, as amended, and owners of such units may have to pay a larger share of such

expenses than other condominium unit owners in the Project, and may have to provide AmFac statistics on rental operations.

d. Periodic repainting and beach maintenance may be required under the Declaration of Restrictions.

e. AmFac may claim the right to inspect and require repairs to the Project.

f. Association members will be members of the Kaanapali Beach Operators' Association, subject to such Operators' Association by-laws and obligated to pay a pro rata portion of such Operators' Association's annual budget.

g. The Declaration of Restrictions requires water conservation measures.

The Declaration of Restrictions and other encumbrances on title may control in any conflict with the Project Declaration of Horizontal Property Regime.

Prospective owners are encouraged to read and understand the Declaration of Restrictions as amended for full details and to read and understand other documents that evidence encumbrances on the Project, including any amendments to those documents.

4. Balancing Uses; Special Board Powers. Each owner's right of use is balanced against lawful rights of other owners. Each apartment owner may use the common elements in accordance with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners; subject to the right of the Board of Directors, after any approvals required by law or by the Project Declaration, to change the use of, lease, use for the benefit of the Association, or otherwise deal with the common elements, and subject to the exclusive use of the limited common elements as provided by law or in the Project Declaration. The Board of Directors may determine or define the existing actual use of or intended purpose of the Project or common elements, considering all the permitted uses of the Project.

5. Incidental Uses Authorized by Board. Owners should recognize that it may be within the power of the Project Board of Directors, subject to applicable zoning ordinances and private use restrictions, to authorize uses of the common elements for activities that are reasonably incidental to or necessary for the use and benefit of other expressly permitted uses. For example, rentals of apartments are expressly permitted, and uses incidental to rentals could include activities such as housekeeping, rental management, and other reasonably necessary activities.

6. Condominium Law. Chapter 514A Hawaii Revised Statutes, the basic statutory law for Hawaii condominiums, contains a number of terms directly related to use of any condominium project. Some of the important terms are those found in:

(i) Section 514A-13(d) on balancing of uses among owners and changes by the Board of Directors;

(ii) Sections 514A-82.5 and 82.6 on pets;

(iii) Section 514A-87, which makes all owners and their tenants, employees of owners and tenants, and any other user of the Project subject to the Declaration, By-laws, and Chapter 514A as well as subject to lawfully-made agreements, decisions, determinations of the Association of owners;

(iv) Section 514A-89 restricting certain work on the Project such as anything that would jeopardize soundness or safety of the property or reduce its value, and imposing consent requirements for such work and for things such as nonmaterial structural additions to the common elements; and

(v) Section 514A-92 prohibiting any exemption from common expense liability by attempted waiver of Project use.

The sections mentioned here are not repeated in full for practical reasons, and Chapter 514A contains numerous terms affecting Project operation and use. Owners should be advised about Chapter 514A and about regulations adopted by the Hawaii Department of Commerce and Consumer Affairs under that Chapter.

7. Zoning. The Project's "H-2" zoning means hotel zoning. The "2" designation indicates certain specifics about zoning matters such as minimum lot size and street frontage, building height, and the like. Owners who are interested may find the "H-2" zoning provisions applicable to the project in the Maui County Code, in Chapter 19.14 of that Code as of the date of this Public Report.

EXHIBIT F
to
Condominium Public Report
Kaanapali Alii

APARTMENT DATA

<u>Apt. Type</u>	<u>Quantity</u>	<u>*BR/Bath</u>	<u>**Living Area (Sq. Ft.)</u>	<u>Lanai/Patio (Sq. Ft.)</u>
A	4	2/2	1678	222
B	4	2/2	1636	263
C	6	1/2	1439	136
C-1	2	1/2	1459	136
D	2	1/1	1173	133
E	2	2/2	1647	174
E-1	2	2/2	1666	174
F	2	1/2	1308	263
G	40	2/2	1676	169
H	40	2/2	1643	200
I	80	1/2	1441	103
J	20	2/2	1650	138
J-1	20	2/2	1669	138
K	20	1/2	1313	200
L	20	2/2	1523	200
	<u>264</u>			

* For a more complete description of the apartments, prospective owners should see Section D of the Project Declaration. Subsection D-2 states the kinds and number of rooms in each type of apartment. For example, some of the apartments, including those with only one bedroom, have areas that are dens or sitting rooms. In counting the number of rooms for each apartment as stated in the Declaration, dressing rooms, bathrooms, and laundry or laundry/storage rooms were treated as separate rooms.

** When the Project was established and the living areas were measured from plans for the purpose of stating such areas in the

recorded Declaration, the measurements were taken from the outside faces of exterior walls and the centerline of interior party walls, without reduction for things such as interior walls, ducts, vent shafts, and the like. Subsequently, Hawaii condominium regulations were enacted to require measurements from interior surfaces of perimeter walls. The original exterior-based and centerline-based measurements are stated in the Declaration and in this Public Report and are the basis for the common interests established for the units. Measurements based on the interior standard would be different. Since the Project has been constructed, any prospective buyer may see the apartment in which he is interested and which is for sale. Prospective buyers are urged to visit and view the Project and any such apartment before contracting to purchase.

EXHIBIT G
to
Condominium Public Report
Kaanapali Alii

PERMITTED ALTERATIONS TO APARTMENTS

Exhibit A discusses various requirements that must be met before apartments may be altered. A principal provision is in Art. XIII, Sec. 6 of the By-laws, as amended, which requires consent of the Board of Directors before any owner may make any addition or alteration in or to his apartment that costs more than \$10,000 or may affect the common elements or change the Project exterior.

Section 514A-89 of the condominium statute also addresses changes to an apartment made within the apartment or within a common element, and imposes restrictions and approval requirements.

The statements above in this exhibit are intended to focus on changes by apartment owners within apartments as they are defined in Subsection D-4 of the Declaration, as opposed to changes to the common elements. Changes, however, may affect the common elements or other owners, or may be treated as changing the Project or coming within other prohibitions, restrictions, and approval requirements as mentioned in Exhibit A. Any prospective buyer interested in the provisions permitting or limiting changes should review all applicable terms.

EXHIBIT H
to
Condominium Public Report
Kaanapali Alii

PARKING

The 304 assigned parking stalls are limited common elements for exclusive use of the owners of the apartments to which they are assigned except for the resident manager's stall, which is a general common element. All of the other forty-six (46) parking stalls are unassigned general common elements. Thirty-four (34) of those other stalls are for guest parking, two (2) are for parking near the main office, and ten (10) are for public parking adjacent to the South Garage at the Project boundary with a public roadway. Each apartment shall always have at least one (1) parking stall appurtenant to it, but otherwise any parking stall may be transferred from apartment to apartment in the Project as provided by law. Twenty (20) additional stalls were assigned initially when the Project was established to Apartment 1105 in Building III, and twenty (20) were similarly assigned to Apartment 1105 in Building I (in addition to the other stall(s) assigned to those apartments). The Developer's initial idea was to facilitate selling all or some of such forty (40) stalls separately for additional parking for the apartment to which they would be assigned when sold. The Developer, however, may not sell those stalls. The Developer or an affiliated individual or firm may retain those two apartments and the stalls assigned to them, or the Developer may reassign all or a portion of such stalls to any purchaser of those two or other apartments. Developer also retained the right to amend the Declaration for the purpose of such reassignment.

The developer may also reassign parking stalls between any of the unsold units and the units belonging to apartment owners as mutually agreed between them. All of the developer's reassignment rights are in addition to other reserved rights to make changes as provided in the Declaration.

Non-assigned parking stalls are for use on a first-come, first-served basis. This use is a revocable, nonexclusive privilege that the Board may revoke or limit either for failure to comply with rules and regulations on parking or for orderly administration of the Project in the Board's discretion. Owners' assigned stalls are for owners' use only.

The Hawaii condominium law (Chapter 514A, Hawaii Revised Statutes) allows apartment owners to exchange their parking stalls legally. This means actual titles to the stalls are exchanged, subject to the conditions stated in the Hawaii condominium law about the exchanges. Such changes in titles require amendments to the Declaration and the applicable CCD's and may require amendment of applicable mortgages. Consents of the Project Lessor (the Developer)

as well as that of owners making the exchanges and their mortgagees are also required.

The House Rules contain specific provisions about vehicles and parking, which owners should thoroughly understand. The House Rules require vehicle registration with the Project and use of parking identification cards, and prohibit leaving vehicles parked or unattended in any driveway or lane. Owners should also recognize that activities such as washing vehicles, storage in parking stalls, access problems caused by vehicles, unauthorized parking, overnight parking in guest stalls, parking by workmen working on an apartment, repairs, maintenance, motor racing, loud mufflers, and improper or unsafe operating condition and the like may all be restricted or prohibited by the Board or its agent in the orderly administration of the Project.

EXHIBIT I
to
Condominium Public Report
Kaanapali Alii

INFORMATION ON COMMON ELEMENTS AND COMMON INTEREST

Common Elements.

Subject to the provisions of the Project Declaration and the condominium law (Chapter 514A, Hawaii Revised Statutes) concerning limited common elements (as opposed to other common elements), the common elements include the limited common elements described below and all the Project land and other improvements constructed on the Project. The common elements do not include, however, the apartment spaces, which are defined as the "apartments" by designating limits of the "apartments" in Subsection D-4 of the Project Declaration.

The Hawaii condominium law also defines the common elements and should be read in connection with the Project Declaration description of the common elements. Inclusion of the limited common elements as common elements is "subject to" provisions of the Project Declaration and the condominium law because those provisions include special terms concerning the limited common elements, such as the right of an apartment owner to exclusive use of his limited common elements and responsibility of the apartment owner for all the costs attributable to his limited common elements.

Subject to the foregoing terms, the common elements include, but are not limited to:

1. The Land described in Exhibit "A" to the Project Declaration;
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surface within each apartment), roofs, stairways, walkways, entrances, and exits of the buildings;
3. The main office building and the recreation building and facilities described therein, and all furniture, fixtures, furnishings, and equipment (except for mailboxes) located within or for use in connection with each of those buildings;
4. The resident manager's Apartment 103 in Building IV and the parking stall assigned thereto, and the fixtures and equipment excluding furniture and furnishings located in such apartment;
5. All yards, grounds, walkways, roadways, ramps, fences, landscaping, trellises, planters, storage areas other than

those within the apartments, refuse facilities, janitor's storage and maintenance facilities, elevators, elevator shafts, and related equipment; the chiller room, hot water heater, water pump, cooling apparatus, swimming pool equipment room and structures therefor and related equipment; and all electric rooms and equipment.

6. The swimming pool, wading pool, jacuzzi, and their filtration, pumping and other related equipment; the shuffleboard and bicycle storage facilities, tennis courts, cooking facilities and grills on the Project grounds, surfboard storage facilities;

7. The connecting lobbies and all corridors and entries to apartments other than those which are parts of the apartments, all directories, enterphones, gates, outside and other lighting fixtures for other than inside the apartments;

8. All driveways, parking structures, pavement and parking facilities, and parking areas (excluding individual assigned parking stalls which are limited common elements);

9. Thirty-six (36) guest/unassigned parking stalls as designated on the Condominium Map; and the ten (10) stalls set aside for public parking;

10. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, air conditioning, refuse, telephone and radio and television signal reception and distribution, and all tanks, pumps, motors, fans, and ducts and other apparatus and installations existing for or in the buildings for common use;

11. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance or safety, and normally in common use and which are not part of any apartment.

12. One-story addition to Building A, the main office building, containing office spaces, bathrooms, storage and utility rooms.

13. Building B, a one-story building containing office spaces, lounge, bathrooms, storage and utility room.

14. Fire sprinkler system that includes all pipes, wires, ducts, pumps, and related fire alarm equipment which serves more than one apartment.

Limited Common Elements.

Certain parts of the common elements, called and designated "limited common elements," are set aside and reserved for the exclusive use of certain apartments. Those apartments have exclusive

easements for the use of their limited common elements. The limited common elements set aside and reserved in this way are as follows:

1. One (1) or more automobile parking stalls shall be a limited common element appurtenant to each apartment and shall be for the exclusive use of that apartment. The particular parking stall(s) appurtenant to each apartment are stated in the Declaration as amended.

2. One (1) mailbox within the main office building shall be a limited common element appurtenant to and for the exclusive use of each apartment. The Association or its authorized representative shall designate the particular mailbox for each apartment.

Common Interest.

Each apartment shall have appurtenant to it an undivided percentage interest called the "common interest" in all common elements of the Project; however, the common interest in the Project land is leasehold. Paragraph D-1 of the Project Declaration (as amended) sets forth the common interest for each apartment. Each apartment shall have a proportionate share equal to such common interest in all common profits and expenses of the Project (except as provided in Section G of the Project Declaration concerning excess consumption of utilities and in Section M of the Declaration and Article IX of the By-laws concerning common expenses) and for all other purposes including voting.

The percentage common interest is intended to represent the ratio of floor space for each apartment, including the apartment and its lanai or lanais, to the total floor space for all of the apartments (263 when the resident manager's unit is excluded) and their lanais. The floor spaces are measured as stated in Section D of the Declaration of Horizontal Property Regime and summarized below. All calculations are in square feet. To derive a particular percentage common interest, the floor space for each apartment and its lanai is divided by such total floor space, and carried to four decimal places. Rounding and minor adjustments in the resulting quotients were made to make the aggregate common interests equal one hundred percent.

In measuring the floor spaces as stated in the Project Declaration and as used in calculating the common interests of the apartments, the technical, legal designation of the limits of the apartments in paragraph D-4 of the Declaration does not control. Instead, all approximate net floor areas are computed by measuring from the outside surfaces of the apartment exterior walls and from the centerline of interior party walls, without reduction for things such as interior walls, ducts, vent shafts, and the like.

All measured floor and lanai areas are not exact but are approximations based on the floor plans of each type of apartment.

Since the measurements of the floor areas do not follow the legally-designated limits of the apartments, the floor areas stated in the Declaration and used in computing common interests are different from the floor areas of the apartments computed according to the legally-designated limits and also more than areas derived from measurements taken from the interior surfaces of walls.

Owners may find different square-footages upon actual physical measurements of the constructed apartments. Owners are encouraged to view the Project and apartments being purchased.

Except for the parking stalls, which may be transferred as provided in the Project Declaration, the common interest and easements appurtenant to each apartment are permanent and shall not be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to the Project Declaration duly recorded.

Section 514A-13(b) Hawaii Revised Statutes says that an amendment to the Project Declaration which subdivides or consolidates apartments and reapportions their appurtenant common interests into a new common interest appurtenant to the subdivided or consolidated apartment shall, to the extent provided in the Declaration, require the vote or written consent of only the apartment owners of the subdivided or consolidated apartments, their mortgagees, and such other percentage of apartment owners as the Declaration may provide. The Project Declaration does not expressly address subdivision or consolidation of apartments, although other provisions dealing with changes in the Project or Declaration or other Project documents might apply to such actions, and other aspects of Hawaii law could govern such actions. Any owner considering such action should be advised regarding all such requirements. Such a consolidation or subdivision (if permissible) is not allowed to decrease or increase the aggregate common interest of the apartment being subdivided or the apartments being consolidated.

The common interest and easements appurtenant to an apartment shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though any such interest or easement is not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Hawaii condominium law (Chapter 514A) and after obtaining all necessary approvals.

A number of separate amendments have been made to the Declaration since Project inception in order to exchange particular parking stalls between apartments. The table below is intended to reflect such exchanges about which the Developer knows. It is possible, however, that other owners may have made an exchange that is not reflected here because the change did not involve a unit owned by the Developer. A prospective buyer should ascertain from the

Developer's broker whether a unit in which the buyer is interested has been involved in such a parking stall exchange.

The Declaration as amended provides the following table of information including common interests for the apartments:

Apt. No.	Floor Plan Type	Approx. Net. Floor Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rms.	% Common Interest	Assigned Parking Stalls
Bldg. I						
101	C	1,439	136	10	0.3523	D-14
102	C-1	1,459	136	10	0.3568	D-15
103	B	1,636	263	12	0.4248	D-87
104	D	1,173	133	8	0.2922	D-16
105	A	1,678	222	11	0.4250	62
106	A	1,678	222	11	0.4250	21
201	I	1,441	103	10	0.3454	D-84
202	I	1,441	103	10	0.3454	D-56
203	H	1,643	200	12	0.4123	D-58
204	L	1,523	200	11	0.3855	D-57
205	G	1,676	169	11	0.4127	66
206	G	1,676	169	11	0.4127	60
301	I	1,441	103	10	0.3454	D-26
302	I	1,441	103	10	0.3454	D-27
303	H	1,643	200	12	0.4123	D-29
304	L	1,523	200	11	0.3855	D-28
305	G	1,676	169	11	0.4127	G-28
306	G	1,676	169	11	0.4127	55
401	I	1,441	103	10	0.3454	D-55
402	I	1,441	103	10	0.3454	D-54
403	H	1,643	200	12	0.4123	D-52
404	L	1,523	200	11	0.3855	D-53
405	G	1,676	169	11	0.4127	71
406	G	1,676	169	11	0.4127	58
501	I	1,441	103	10	0.3454	77
502	I	1,441	103	10	0.3454	78
503	H	1,643	200	12	0.4123	80
504	L	1,523	200	11	0.3855	79
505	G	1,676	169	11	0.4127	81
506	G	1,676	169	11	0.4127	82
601	I	1,441	103	10	0.3454	52
602	I	1,441	103	10	0.3454	51
603	H	1,643	200	12	0.4123	49
604	L	1,523	200	11	0.3855	50
605	G	1,676	169	11	0.4127	48
606	G	1,676	169	11	0.4127	47
701	I	1,441	103	10	0.3454	13
702	I	1,441	103	10	0.3454	12

703	H	1,643	200	12	0.4123	10
704	L	1,523	200	11	0.3855	11
705	G	1,676	169	11	0.4127	9
706	G	1,676	169	11	0.4127	8
801	I	1,441	103	10	0.3454	46
802	I	1,441	103	10	0.3454	45
803	H	1,643	200	12	0.4123	43
804	L	1,523	200	11	0.3855	44
805	G	1,676	169	11	0.4127	42
806	G	1,676	169	11	0.4127	41
901	I	1,441	103	10	0.3454	29
902	I	1,441	103	10	0.3454	30
903	H	1,643	200	12	0.4123	32
904	L	1,523	200	11	0.3855	31
905	G	1,676	169	11	0.4127	33
906	G	1,676	169	11	0.4127	34
1001	I	1,441	103	10	0.3454	35
1002	I	1,441	103	10	0.3454	38
1003	H	1,643	200	12	0.4123	36
1004	L	1,523	200	11	0.3855	37
1005	G	1,676	169	11	0.4127	39
1006	G	1,676	169	11	0.4127	40
1101	I	1,441	103	10	0.3454	7
1102	I	1,441	103	10	0.3454	6
1103	H	1,643	200	12	0.4123	3
1104	L	1,523	200	11	0.3855	5
1105	G	1,676	169	11	0.4145	1, 85, 86, 87, and 134 to 150 inclusive
1106	G	1,676	169	11	0.4127	2
<u>Building II</u>						
101	C	1,439	136	10	0.3523	90 (Compact)
102	C	1,439	136	10	0.3523	89 (Compact)
103	B	1,636	263	12	0.4248	D-1
104	F	1,308	263	9	0.3514	88 (Compact)
105	E	1,647	174	11	0.4074	D-23
106	E-1	1,666	174	11	0.4116	D-24
201	I	1,441	103	10	0.3454	D-4
202	I	1,441	103	10	0.3454	D-3
203	H	1,643	200	12	0.4123	D-5
204	K	1,313	200	9	0.3385	D-2
205	J	1,650	138	11	0.4000	D-7
206	J-1	1,669	138	11	0.4042	D-6
301	I	1,441	103	10	0.3454	D-11
302	I	1,441	103	10	0.3454	D-12

303	H	1,643	200	12	0.4123	G-64
304	K	1,313	200	9	0.3385	D-13
305	J	1,650	138	11	0.4000	D-8
306	J-1	1,669	138	11	0.4042	D-9
401	I	1,441	103	10	0.3454	19
402	I	1,441	103	10	0.3454	D-21
403	H	1,643	200	12	0.4123	D-19
404	K	1,313	200	9	0.3385	D-22
405	J	1,650	138	11	0.4000	69
406	J-1	1,669	138	11	0.4042	D-18
501	I	1,441	103	10	0.3454	D-47
502	I	1,441	103	10	0.3454	D-48
503	H	1,643	200	12	0.4123	61
504	K	1,313	200	9	0.3385	D-49
505	J	1,650	138	11	0.4000	63
506	J-1	1,669	138	11	0.4042	D-86
601	I	1,441	103	10	0.3454	64
602	I	1,441	103	10	0.3454	59
603	H	1,643	200	12	0.4123	65
604	K	1,313	200	9	0.3385	D-25
605	J	1,650	138	11	0.4000	67
606	J-1	1,669	138	11	0.4042	D-59
701	I	1,441	103	10	0.3454	56
702	I	1,441	103	10	0.3454	57
703	H	1,643	200	12	0.4123	68
704	K	1,313	200	9	0.3385	D-50
705	J	1,650	138	11	0.4000	70
706	J-1	1,669	138	11	0.4042	D-30
801	I	1,441	103	10	0.3454	53
802	I	1,441	103	10	0.3454	54
803	H	1,643	200	12	0.4123	20
804	K	1,313	200	9	0.3385	D-31
805	J	1,650	138	11	0.4000	22
806	J-1	1,669	138	11	0.4042	D-85
901	I	1,441	103	10	0.3454	73
902	I	1,441	103	10	0.3454	72
903	H	1,643	200	12	0.4123	74
904	K	1,313	200	9	0.3385	D-51
905	J	1,650	138	11	0.4000	76
906	J-1	1,669	138	11	0.4042	75
1001	I	1,441	103	10	0.3454	17
1002	I	1,441	103	10	0.3454	18
1003	H	1,643	200	12	0.4123	16
1004	K	1,313	200	9	0.3385	D-20
1005	J	1,650	138	11	0.4000	14
1006	J-1	1,669	138	11	0.4042	15

1101	I	1,441	103	10	0.3454	25
1102	I	1,441	103	10	0.3454	24
1103	H	1,643	200	12	0.4123	26
1104	K	1,313	200	9	0.3385	23
1105	J	1,650	138	11	0.4000	28
1106	J-1	1,669	138	11	0.4042	27

Building III

101	C-1	1,459	136	10	0.3568	D-46
102	C	1,439	136	10	0.3523	D-32
103	D	1,173	133	8	0.2922	D-33
104	B	1,636	263	12	0.4248	D-45
105	A	1,678	222	11	0.4250	G-24
106	A	1,678	222	11	0.4250	G-3
201	I	1,441	103	10	0.3454	D-43
202	I	1,441	103	10	0.3454	D-35
203	L	1,523	200	11	0.3855	G-59
204	H	1,643	200	12	0.4123	D-42
205	G	1,676	169	11	0.4127	G-60
206	G	1,676	169	11	0.4127	G-6
301	I	1,441	103	10	0.3454	D-40
302	I	1,441	103	10	0.3454	D-38
303	L	1,523	200	11	0.3855	D-39
304	H	1,643	200	12	0.4123	D-69
305	G	1,676	169	11	0.4127	G-2
306	G	1,676	169	11	0.4127	G-34
401	I	1,441	103	10	0.3454	G-12
402	I	1,441	103	10	0.3454	D-36
403	L	1,523	200	11	0.3855	G-14
404	H	1,643	200	12	0.4123	G-13
405	G	1,676	169	11	0.4127	G-29
406	G	1,676	169	11	0.4127	G-12
501	I	1,441	103	10	0.3454	G-30
502	I	1,441	103	10	0.3454	G-1
503	L	1,523	200	11	0.3855	G-21
504	H	1,643	200	12	0.4123	G-31
505	G	1,676	169	11	0.4127	G-58
506	G	1,676	169	11	0.4127	G-27
601	I	1,441	103	10	0.3454	G-66
602	I	1,441	103	10	0.3454	G-65
603	L	1,523	200	11	0.3855	G-67
604	H	1,643	200	12	0.4123	G-68
605	G	1,676	169	11	0.4127	G-70
606	G	1,676	169	11	0.4127	G-69
701	I	1,441	103	10	0.3454	G-57
702	I	1,441	103	10	0.3454	G-32
703	L	1,523	200	11	0.3855	G-33

704	H	1,643	200	12	0.4123	G-56
705	G	1,676	169	11	0.4127	G-61
706	G	1,676	169	11	0.4127	G-55
801	I	1,441	103	10	0.3454	G-35
802	I	1,441	103	10	0.3454	G-54
803	L	1,523	200	11	0.3855	G-53
804	H	1,643	200	12	0.4123	G-36
805	G	1,676	169	11	0.4127	G-38
806	G	1,676	169	11	0.4127	G-37
901	I	1,441	103	10	0.3454	G-72
902	I	1,441	103	10	0.3454	G-71
903	L	1,523	200	11	0.3855	G-76
904	H	1,643	200	12	0.4123	G-75
905	G	1,676	169	11	0.4127	G-74
906	G	1,676	169	11	0.4127	G-73
1001	I	1,441	103	10	0.3454	G-49
1002	I	1,441	103	10	0.3454	G-50
1003	L	1,523	200	11	0.3855	G-48
1004	H	1,643	200	12	0.4123	G-11
1005	G	1,676	169	11	0.4127	G-45
1006	G	1,676	169	11	0.4127	G-46
1101	I	1,441	103	10	0.3454	G-40
1102	I	1,441	103	10	0.3454	G-39
1103	L	1,523	200	11	0.3855	G-41
1104	H	1,643	200	12	0.4123	G-42
1105	G	1,676	169	11	0.4145	G-44, 4, 83, 84, and 117 to 133 inclusive
1106	G	1,676	169	11	0.4127	G-43
<u>Building IV</u>						
101	C	1,439	136	10	0.3523	D-60
102	C	1,439	136	10	0.3523	D-82
103	F	1,308	263	9	None	D-83
104	B	1,636	263	12	0.4248	D-61
105	E-1	1,666	174	11	0.4116	D-81
106	E	1,647	174	11	0.4074	D-80
201	I	1,441	103	10	0.3454	D-79
202	I	1,441	103	10	0.3454	D-78
203	K	1,313	200	9	0.3385	D-62
204	H	1,643	200	12	0.4123	D-71
205	J-1	1,669	138	11	0.4042	D-63
206	J	1,650	138	11	0.4000	D-64
301	I	1,441	103	10	0.3454	D-72
302	I	1,441	103	10	0.3454	D-76
303	K	1,313	200	9	0.3385	D-77

304	H	1,643	200	12	0.4123	D-73
305	J-1	1,669	138	11	0.4042	D-75
306	J	1,650	138	11	0.4000	D-74
401	I	1,441	103	10	0.3454	D-70
402	I	1,441	103	10	0.3454	D-66
403	K	1,313	200	9	0.3385	D-65
404	H	1,643	200	12	0.4123	G-88
405	J-1	1,669	138	11	0.4042	D-67
406	J	1,650	138	11	0.4000	G-82
501	I	1,441	103	10	0.3454	G-25
502	I	1,441	103	10	0.3454	G-4
503	K	1,313	200	9	0.3385	D-34
504	H	1,643	200	12	0.4123	G-5
505	J-1	1,669	138	11	0.4042	G-15
506	J	1,650	138	11	0.4000	G-16
601	I	1,441	103	10	0.3454	G-47
602	I	1,441	103	10	0.3454	G-7
603	K	1,313	200	9	0.3385	D-37
604	H	1,643	200	12	0.4123	G-10
605	J-1	1,669	138	11	0.4042	G-8
606	J	1,650	138	11	0.4000	G-9
701	I	1,441	103	10	0.3454	G-17
702	I	1,441	103	10	0.3454	G-23
703	K	1,313	200	9	0.3385	D-44
704	H	1,643	200	12	0.4123	G-18
705	J-1	1,669	138	11	0.4042	G-22
706	J	1,650	138	11	0.4000	G-19
801	I	1,441	103	10	0.3454	G-20
802	I	1,441	103	10	0.3454	G-52
803	K	1,313	200	9	0.3385	D-41
804	H	1,643	200	12	0.4123	G-62
805	J-1	1,669	138	11	0.4042	G-51
806	J	1,650	138	11	0.4000	G-63
901	I	1,441	103	10	0.3454	G-93
902	I	1,441	103	10	0.3454	G-92
903	K	1,313	200	9	0.3385	D-10
904	H	1,643	200	12	0.4123	G-91
905	J-1	1,669	138	11	0.4042	G-90
906	J	1,650	138	11	0.4000	G-89
1001	I	1,441	103	10	0.3454	G87
1002	I	1,441	103	10	0.3454	G-86
1003	K	1,313	200	9	0.3385	D-17
1004	H	1,643	200	12	0.4123	G-85
1005	J-1	1,669	138	11	0.4042	G-84
1006	J	1,650	138	11	0.4000	G-83
1101	I	1,441	103	10	0.3454	G-81

1102	I	1,441	103	10	0.3454	G-77
1103	K	1,313	200	9	0.3385	D-68
1104	H	1,643	200	12	0.4123	G-78
1105	J-1	1,669	138	11	0.4042	G-79
1106	J	1,650	138	11	0.4000	G-80

EXHIBIT J
to
Condominium Public Report
Kaanapali Alii

ENCUMBRANCES AGAINST TITLE

Encumbrances on Title Report

A preliminary title report by Title Guaranty of Hawaii, Incorporated dated January 29, 1993, shows that encumbrances (other than normal non-delinquent real property taxes) on the Project land and the apartments being sold are as follows:

1. Reservation of all mineral and metallic mines of every description to the Hawaiian Government; said reservation, however, being subject to that certain covenant that neither the State of Hawaii nor persons authorized by it will enter, occupy or use the said land for the exercise of the reserved mineral and mining rights for a period of 75 years from January 1, 1960 as contained in that certain instrument dated January 29, 1960 and recorded in the Office of the Registrar of Conveyances in Liber 3822, Pages 37-40.

2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and its effect, if any, upon the area of the land described herein.

3. Easement "32" for storm drainage purposes, and Easement "33" (10 feet wide) for utility purposes, as shown on Map 12, as set forth by Land Court Order No. 27504, filed September 11, 1967.

By Partial Assignment of Easements dated July 21, 1983, effective May 1, 1983, filed as Land Court Document No. 1197749, recorded in Liber 17399 at Page 83, Amfac Property Corp., a Hawaii corporation, assigned to County of Maui, rights and easements for sewer utility purposes over Easement "33" as shown on Map 12, affecting Lot 56, besides other land.

4. Reservations contained in Deeds dated October 11, 1967, filed as Land Court Document No. 428919, and dated April 25, 1969, filed as Land Court Document No. 476140.

5. Declaration of Restrictions dated December 23, 1977, filed as Land Court Document No. 853030, recorded in Liber 12641 at Page 179, as amended by instrument dated October 31, 1978, filed as Land Court Document No. 906095, recorded in Liber 13244 at Page 299.

Said Declaration was assigned to Amfac Property Corp., a Hawaii corporation, by instrument dated December 30, 1980,

effective December 1, 1980, filed as Land Court Document No. 1074335, recorded in Liber 15658 at Page 725.

Said Declaration, as amended, was further amended by instrument dated June 30, 1981, filed as Land Court Document No. 1075081. (See Exhibit "E" for explanation).

6. Easements "51" (area 765 square feet), "52" (area 750 square feet), "53" (area 730 square feet) and "54" (area 730 square feet), as shown on Map 19, as set forth by Land Court Order No. 31151, filed January 13, 1970.

7. Agreement dated November 20, 1979, filed as Land Court Document No. 983786, by and between the County of Maui, Department of Water Supply, and Royal Kaanapali Joint Venture, a joint venture registered as a Hawaii general partnership, whose registered joint venturers are Hawaii Omori Corporation and Kaanapali Kai, Inc.

Said Agreement was amended by instrument dated June 22, 1981, recorded in Liber 15809 at Page 689. (Not noted on Transfer Certificate of Title No. 205,622)

8. Declaration of Covenants, Conditions and Restrictions (Flood Zone) dated June 4, 1980, recorded in Liber 14914 at Page 111. (Not noted on Transfer Certificate of Title No. 205,622)

9. Declaration of Covenants, Conditions and Restrictions (Tsunami or Storm Wave district) dated June 4, 1980, recorded in Liber 14914 at Page 119. (Not noted on Transfer Certificate of Title No. 205,622)

10. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated December 18, 1980, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1047605, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 444, as amended.) Said Declaration was amended by instruments dated January 6, 1981, filed as Land Court Document No. 1050255, dated February 27, 1981, filed as Land Court Document No. 1058398, dated August 19, 1982, filed as Land Court Document No. 1128376, dated February 29, 1988, filed as Land Court Document 1552209, dated October 22, 1990, filed as Land Court Document No. 1785105, and dated September 21, 1991, filed as Land Court Document No. 1859616, and dated August 20, 1992, filed as Land Court Document No. 1953928.

Said Declaration was amended by instruments dated February 22, 1983, filed as Land Court Document No. 1205843, dated September 19, 1985, filed as Land Court Document No. 1344914, dated May 27, 1986, filed as Land Court Document No. 1375338, and dated

October 21, 1986, filed as Land Court Document No. 1429166 (re: parking stalls).

Note: Any recorded amendments to the Declaration of Horizontal Property Regime amending the assignment of parking stalls to and from apartments other than the specific apartment described herein, have been purposely omitted herefrom.

11. Declaration of Approval of Construction Plans and Specifications dated August 17, 1981, filed as Land Court Document No. 1086433.

12. Two rights of way, each five (5) feet wide, one running along the Northerly boundary and one running along the Southerly boundary of the said land, for public access to the shoreline and beach, as more particularly shown on said Condominium Map and in said Declaration of Horizontal Property Regime, as amended.

13. Grant of Easement in favor of Maui Electric Company, Limited, dated March 2, 1982, filed as Land Court Document No. 1109581; granting a perpetual right and easement to build, construct, etc. underground power lines for the transmission of electricity over and across the land described herein; consent thereto dated March 10, 1982, filed as Land Court Document No. 1109582.

14. Private Water System Agreement dated June 28, 1988, recorded in Liber 22250 at Page 9, by and between the Association of Apartment Owners of The Kaanapali Alii Condominium, "Owner", and the County of Maui and its Department of Water Supply, "County". (Not noted on Transfer Certificate of Title)

15. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in the Condominium Conveyance Document, as amended, for a particular apartment.

16. As to Apartment 105, Building II: Notice of Lien filed by the Association of Apartment Owners of Kaanapali Alii against James Joseph Patton and Anne Eileen Patton, husband and wife, dated September 28, 1992, filed as Land Court Document No. 1967151, in the amount of \$3,706.56. NOTE: This lien for maintenance fees was filed on Apartment II-105 in error and the Developer intends to cause its release.

Copies of the encumbrance documents are available through the Developer's real estate sales broker.

Previous Amendments to Condominium Documents

Paragraph 10 in the above-listed encumbrances states the dates and recording/filing information for previous amendments of the Project Declaration, By-laws, and Condominium Map.

EXHIBIT K
to
Condominium Public Report

Kaanapali Alii

INFORMATION ABOUT MANAGEMENT CONTRACT

The Project is currently managed under a Condominium Management Agreement made with Classic Resorts Ltd., a Hawaii corporation licensed as a Hawaii condominium management company. The Management Agreement runs for two years commencing September 1, 1992. Classic Resorts has been Managing Agent for the Project since 1986.

Copies of the Condominium Management Agreement with Classic Resorts are available upon prospective buyers' request to the Developer or Classic Resorts.

Among other terms, the Management Agreement provides:

1. Compensation. The Managing Agent's compensation is stated in the Project budget at Exhibit One. In addition to such compensation, if any, the Association pays certain types of additional charges, such as costs of payroll withholding taxes, worker's compensation and insurance in connection with labor for work on the common elements, preparation and filing of tax returns, and special work as described in the Management Agreement.

2. Certain Spending Authority. The Managing Agent needs prior approval of the Association to authorize ordinary repairs or alterations involving a non-budgeted expenditure of over \$500.00 for any one item, but emergency repairs of any amount can be made without such advance approval. In any case, however, the Management Agent is to confer immediately with the Board of Directors, if at all possible, regarding non-budgeted expenditures over \$500.00.

3. Bonding. The Management Agent's employees who handle or are responsible for handling Association monies must be covered by a fidelity bond for not less than \$100,000.00 and in such other form and intent as required by the By-laws. (See Article IV, Section 11(G) (9) of the By-laws.)

4. Use of Common Area. The Managing Agent is allowed to use building space in the Project common elements for the Managing Agent's operations without payment of rent to the Association.

5. Statutory Terms. Several sections of the condominium law in Chapter 514A Hawaii Revised Statutes apply directly to managing agents, including provisions on licensing and registration, required bonds, handling of funds and collections, initial management contracts, handling and availability of project documents and records, and other provisions.

EXHIBIT L
to
Condominium Public Report
Kaanapali Alii

INFORMATION ON WARRANTIES

A. Original Construction Warranties; Buildings and Other Improvements. The original Project construction contracts contained general warranties against defects in materials and workmanship of the Project apartments and common elements. Those construction contracts also provided for the general contractors' one-year warranties for specific correction of defects in materials and workmanship in the apartments and common elements of the Project. In some cases, a contractor may have provided a separate warranty on a limited portion of the Project.

Copies of the terms of such warranties are available from the Developer. The original warranties, however, may no longer be in effect.

The original construction contracts provided generally that warranties commenced as of the date of the issuance of Certificates of Substantial Completion for the apartments and common elements. The Certificates of Substantial Completion for the major parts of the Project were issued as follows: August 19, 1982 for site work and exterior utilities; August 20, 1982 for the landscaping and buildings; and August 23, 1982 for the swimming and wading pools and spa.

Consequently, all of the original one-year specific correction periods have expired. The general warranties were not expressly limited by the construction contracts to such one-year periods, but are limited by law, including limitations to statutory periods during which claims for defects must be made. (These are called "statutes of limitation".)

One of the laws that affects such warranties is Section 657-8 Hawaii Revised Statutes. Among other things, Section 657-8 provides that certain claims related to construction cannot be commenced more than two years after the cause of action has accrued but in any event not more than ten years after the "date of completion" of the improvement. For this purpose, "date of completion" is specially defined. Under Section 657-8, this term means the time of substantial completion of the improvements. The dates indicating those times are stated above. Section 657-8 also says a presumption ("prima facie evidence") is established that the date of completion has occurred if an affidavit of publication of a notice of completion is filed with the Hawaii Circuit Court where the project is located (the Second Circuit Court on Maui for the Project). This publication and affidavit are part of a special process described in Chapter 507 Hawaii Revised Statutes. For Kaanapali Alii, such an affidavit

covering the original Project construction was filed on September 2, 1982.

Prospective buyers should note, therefore, that the original general construction warranties for the Project also may no longer be in effect since more than ten years have passed since completion of original Project construction.

Prospective buyers who are interested in the expiration or limitation of such warranties should consult their advisers about the law limiting the general warranties.

Prospective buyers may also check with the Project Managing Agent regarding the terms, commencement, and duration of any separate warranties given in documents for portions of the original construction.

B. Later Additional Construction. The construction contract for work on the two buildings added to the Project in 1989 by the Association contained the contractor's specific correction warranty and general warranty, similarly to those types of warranties given for the original Project construction, and discussed above in paragraph A. The one-year specific correction warranty on those buildings has expired. The general warranty is still in effect. The general warranty commenced at or shortly before issuance of the Certificates of Occupancy for the work. The Certificates of Occupancy were issued as follows: for the work on Building A, on March 23, 1989 and for Building B, on January 18, 1989. The general warranty will end in the same way as discussed in paragraph A above. The Association, not the Developer, is the beneficiary of warranties on work done under contract with the Association.

C. Other Work. The Association has caused certain work of repair and improvement to be done for the Project common elements, including re-painting of Buildings III and IV, and installations of certain central air conditioning, a hot water facility, and fire sprinklers and alarms. The Managing Agent has information on warranties, if any, given on this work and applicable dates of such warranties.

NOTE: Beyond the statements in this exhibit, the effect of Hawaii's statutes of limitation and other laws upon the Project warranties has not been evaluated. Prospective buyers should realize that such laws and their effect are complex and subject to interpretation and court rulings. The statements in this exhibit about warranties are made to inform prospective buyers but do not represent any contention or legal position of the Developer and are not to be taken to commit to or foreclose any contention or legal position by the Developer.

D. Warranties in Sales Contract.

Paragraphs 24 and 25 and Exhibit A to the Sales Contract cover warranty terms applicable to the sales of apartments to current Buyers.

EXHIBIT M
to
Condominium Public Report

Kaanapali Alii

SUMMARY OF PERTINENT SALES CONTRACT PROVISIONS

Rather than repeat basic Sales Contract terms in shorter form, this exhibit points out certain matters for emphasis and provides additional explanation of some Sales Contract terms. Prospective buyers should, of course, examine the whole Sales Contract carefully and may wish to review it with an adviser of the buyer's choice. A specimen form of the Sales Contract has been filed with the Hawaii Real Estate Commission.

1. Certain Payment and Document Timing. The Sales Contract provides that a Buyer's mortgage proceeds are to be paid upon recording of the closing conveyance to Buyer because mortgage lenders normally fund the proceeds to escrow only at the very end of the escrow when closing is otherwise completely ready to proceed. This practical accommodation should not be taken to delay Buyer's submittal to escrow of Buyer's signed documents and other payments, which are all required before the Closing Date, at times stated in the Sales Contract.

2. Closing. "Closing" means the completion of all steps necessary to (a) pay out the purchase price and other payments of expenses through escrow and (b) record the apartment conveyance to Buyer. The term does not mean just signing documents.

3. Ground Lease Periods in CCDs. The 80-year ground lease term of each Condominium Conveyance Document for a remaining unsold apartment began at the effective date of that CCD. As to any CCD that is only now being assigned to a buyer who closes, all the time that has passed since that CCD was effective is subtracted from the 80-year term and the balance will be assigned to Buyer. Before contracting to purchase, a Buyer should ascertain what the remaining ground lease period is for the unit the Buyer is purchasing.

4. Leasehold Summary. Certain information about the leasehold aspect of the apartment a Buyer is purchasing will be provided to Buyer as required by Hawaii law. Buyer will have a ten-day period, as defined in that information, to accept or reject the lease and leasehold information. Acceptance means the Sales Contract is not cancelled. Rejection means that the Sales Contract is cancelled and Buyer's deposits are returned.

Buyers should note that in order to avoid escrow and other expenses that would have to be paid out of Buyer's deposit, escrow for Buyer's purchase may not be opened until Buyer's decision on such acceptance or rejection is made, and those 10 days will not

extend any other time periods, including the period for Buyer to get financing.

5. Financing Condition. The Sales Contract has a condition that could give Buyer a right to cancel if Buyer fully performs an obligation to try to get financing for the purchase, but cannot obtain the financing. Buyer should study the condition terms carefully. There is a time limit to apply for financing and an affirmative obligation of Buyer to apply and try diligently to get financing if Buyer wants it. Not applying can be a breach of the Sales Contract and will mean that Buyer is bound to the contract without any financing condition.

There is also a time limit to give Seller notice and proof if Buyer wants to cancel for lack of financing. This means that Buyer has to get the approval or rejection of the lender or lenders soon after signing the Sales Contract and in time to give Seller that notice before the deadline to do so. Not giving the notice in time can cause Buyer to be bound to the contract even though the financing is not obtained.

Any financing commitment of a lender satisfies the condition and takes away Buyer's right to cancel, even a preliminary or revocable or changeable commitment, and regardless of the financing terms. The reason for this effect is that buyers control what financing terms they apply for, and what they can get, so buyers should pursue sincerely the financing they really need. The Seller does not agree to take the risk of having the Sales Contract cancelled through a financing condition broader than what is stated strictly in the Sales Contract and considers a broader risk than that unfair to the Seller.

Non-financing buyers may be required to demonstrate ability to pay the Developer by providing certain financial information and proof of financial ability, including audited and certified financial statements if the Developer requires that. The Developer may approve or reject the Buyer's intended status and if the status is rejected, the Developer may cancel the Sales Contract.

6. Interest. Seller gets the interest on Buyer's escrowed money, if any interest is earned.

7. Corporate/Partnership/Trust Formalities. The sometimes-overlooked provision called "Verification of Buyer's Legal Status" is important. Hawaii law, strong custom, or the Escrow Agent's rights may not permit closing unless proper resolutions and other evidence of valid authority and capacity of parties and documents are provided as required by that provision in the Sales Contract. Buyer is responsible for timely performance of these obligations.

8. Financial and Credit Information. The Buyer can be in breach of the Sales Contract for submitting financial data that is not true or not substantially accurate, or by not notifying the

Developer that financial data was changed between the time it was submitted and the closing. One of the things the Developer can do if such a breach occurs is cancel the Sales Contract. Every Sales Contract authorizes the Developer and any mortgagee of the Buyer to get a credit report on the Buyer, at the Buyer's expense.

9. "Foreign" Buyers. In some circumstances, United States federal law requires that a special information report must be filed with a federal government agency by persons who acquire real property in the United States and are not U.S. citizens or entities, or have foreign ownership or affiliations even if they are U.S. entities. If Buyer is not a U.S. citizen or if any non-U.S. citizen or entity has any ownership interest in Buyer, Buyer could have to comply with one or more of these laws and should seek competent legal advice about them.

A different U.S. federal law called "FIRPTA" for Foreign Investment in Real Property Tax Act requires that in some circumstances a portion of the payments for property must be withheld by the buyer and deposited with a government tax agency (pending tax return filing) when the seller of the property is not a U.S. citizen. Hawaii has a comparable withholding law called "HARPTA" for Hawaii Real Property Tax Act, which applies when the seller is not a Hawaii legal resident or entity. FIRPTA and HARPTA are designed to promote tax reporting and collections. They do not apply to sale of a Kaanapali Alii unit by Royal Kaanapali Joint Venture, because the Venture is a Hawaii venture organized of two Hawaii corporations. When Buyer re-sells a Kaanapali Alii unit, however, FIRPTA could apply if Buyer is not a U.S. citizen, and HARPTA could also apply if Buyer is not a Hawaii legal resident or entity. The technicalities of such laws are too extensive to cover in this Report. Buyer should consult an appropriate adviser about whether any such laws could apply to Buyer and about how to comply with them.

10. Making Sales Contract Binding. Because Project construction is completed and the Supplementary Public Report Buyer is given follows a Final Public Report that was previously issued, Buyer could make the Sales Contract binding at the time the Sales Contract is executed if Buyer signs the official Receipt and Notice form for the Supplementary Report and checks the selection to waive the right to cancel, and if Buyer also accepts the lease and leasehold information about the apartment.

For purposes of making the Sales Contract binding on Buyer, the Supplementary Public Report is treated like a Final Public Report (which the Supplementary Report supercedes). Another follow-up Public Report (in the sense that a Final Public Report follows a Preliminary Public Report), giving Buyer a right to cancel in connection with that follow-up Report, is not planned.

If a Buyer does not make the Sales Contract binding when the Contract is executed, the Buyer's thirty days to decide whether to (1) approve the Supplementary Public Report and waive cancellation, or (2) cancel the Sales Contract, begin when Buyer

receives the Supplementary Report. This thirty days is different from the 10 days to accept or reject the leasehold aspect, but those two periods may run concurrently. Buyers should note that the Sales Contract can become binding automatically if the Buyer does not cancel within that 30 days. This is stated in paragraph 9 of the Sales Contract.

Paragraph 9 of the Sales Contract addresses handling and effect of the Supplementary Public Report. The same matter is covered in a different way on printed page 19 of the Supplementary Public Report under "Buyer's Right to Cancel Sales Contract." Prospective buyers should read and understand those terms.

A buyer also may have the right to cancel a Sales Contract if a material change of the kind covered by Section 514A-63 of the Hawaii condominium law (Chapter 514A, Hawaii Revised Statutes) is made unless the buyer waives or is deemed to have waived any right to rescind based upon the material change. The Sales Contract provisions governing this situation are under Paragraph 20 in the Sales Contract entitled "Buyer's Consent to Changes," which is intended to deal with material changes. If such a material change occurred, the document delivered to Buyer to describe that change as provided in Paragraph 20 would likely be a further Supplementary Public Report and the provisions about "Buyer's Right to Cancel Sales Contract" on printed page 19 of the Supplementary Public Report would apply.

The period of time during which the above provisions would apply is between Buyer's execution of the Sales Contract and closing at which the Apartment is conveyed to Buyer. After closing, those provisions would not apply. The provisions under "Material Change" on printed page 19 of this Public Report also cover this situation by more limited statements. Purchasers should read and understand such provisions.

11. Existing Project Contracts, Concessions, Etc. When the Buyer signs the Sales Contract, the Buyer is approving the existing contracts and other arrangements that the Project has for operation. Those things cover such matters as security, maintenance, utilities, management, and insurance and other operations necessary to run the Project. If prospective Buyers have any questions about the existing arrangements, they should ask for further information. The managing agent has information about such matters.

12. Performance and Default. Buyers are required to perform under the Sales Contracts strictly on time. A short grace period for cure of a default is provided. A buyer who defaults is liable for the Developer's costs including reasonable attorneys' fees. The Developer is also entitled to a late charge of one percent (1%) per month on the amount of any payment not made on time under the Sales Contract. This means one percent per month on the whole purchase price if the late payment is due to failure to close on time. An uncured default will breach the Sales Contract and entitle the Developer to damages. The Sales Contract provides for "liquidated" damages, meaning that the Buyer agrees in advance that the

Developer can keep all of the Buyer's payments as damages for a breach by Buyer.

The Developer retains the right unilaterally to have the Escrow Agent pay the Buyer's funds to the Developer if the Sales Contract is cancelled because of the Buyer's default. In that case, the Buyer irrevocably instructs the Escrow Agent to make such payments to the Developer upon the Developer's written certification of the Buyer's default to the Escrow Agent.

If the Developer defaults materially, the Buyer may terminate the Sales Contract and get the Buyer's money back. As an alternative, if the Developer materially defaults, the Buyer can try to get specific performance if the Buyer first tenders the Buyer's performance. The Buyer may also have the right to recover the Buyer's costs including reasonable attorneys' fees from the Developer.

The "tender" of performance by a Buyer is an important concept in the Sales Contract. It means that the Buyer must have actually deposited all of the Buyer's money together with a bona fide irrevocable and unconditional written mortgage loan commitment or actual cash funds for the purchase price, and that Buyer must have performed or be immediately ready, willing and able to perform all other parts of the Buyer's performance, before Buyer defaults. Only if the Buyer has done these things can the Buyer sue the Developer for specific performance. If the Buyer has not done these things, the Buyer also is not permitted by the Sales Contract to impose any lis pendens or similar lien or notice on the unit in order to prevent the Developer from selling the unit to someone else. A lis pendens or similar notice or claim is a type of charge or lien that a Buyer might try to place on a property pursuant to a statute in Hawaii in order to prevent such a sale, and normally might be considered by buyers in situations of dispute, claims or litigation between sellers and buyers.

Supporting such provisions, the Sales Contract also provides that the Contract itself does not give the Buyer any kind of interest, whether legal or equitable, in the unit being purchased. That interest is not obtained until closing pursuant to full performance. Until then, the Buyer has only a contract right to buy subject to all of the terms and conditions of the Sales Contract.

The Sales Contract also provides that exercise of the Seller's remedies will not be an unreasonable forfeiture for the reasons stated in the Sales Contract. This means that the Buyer gives up any right to claim that the Buyer suffers a harsh loss on account of defaulting, even if the Buyer loses the money paid and loses the opportunity to buy, or suffers other effects of the Seller's remedies for the Buyer's default.

14. Warranties. Paragraphs 24 and 25 and Exhibit B in the Sales Contract deal with warranties. Further explanation of warranties is provided in another Exhibit to this Public Report.

There are several different aspects of potential warranties on a unit. One is that the Developer may have enrolled the unit in a commercial warranty program. Such programs are provided by companies that specialize in warranties on projects.

Other warranties discussed in the Sales Contract deal with construction warranties and warranties on appliances and fixtures.

Prospective Buyers are urged to study and understand all of the warranty information and seek answers to any questions the Buyers may have, all before executing the Sales Contract.

15. Multi-Owner Property and Noise. Paragraph 27 of the Sales Contract emphasizes that the Buyer is accepting the effect of having other owners and occupants and their activities near the Buyer's unit. The Developer is also emphasizing that the Developer, subject to certain specified conditions, will cooperate with noise limitation enforcement.

16. No Rental Services. Developer places a special emphasis on paragraph 28 of the Sales Contract. The Kaanapali Alii units are not being sold in any respect with relation to any rental program, rental management, rental service, or rental pool, and each Buyer must expect to be bound strictly to the provisions of paragraph 28, even if someone tries to inform or convince the Buyer otherwise.

17. Survival of Terms. Paragraph 31 of the Sales Contract means that many of the Buyer's agreements in the Sales Contract specifically survive the closing. This means that those agreements continue as promises of the Buyer after the Buyer takes title to the unit, and still must be observed.

IT IS INCUMBENT ON PROSPECTIVE BUYERS TO READ THE SALES CONTRACT WITH CARE BEFORE EXECUTION. IT IS A FORMAL LEGAL DOCUMENT WHOSE TERMS AND CONDITIONS ARE BINDING WITH LEGAL CONSEQUENCES, AND IT SHOULD BE CLEARLY UNDERSTOOD BY PROSPECTIVE BUYERS.

EXHIBIT N
to
Condominium Public Report

Kaanapali Alii

INFORMATION ON PERTINENT ESCROW AGREEMENT PROVISIONS

An executed Condominium Escrow Agreement dated August 31, 1992, identifies Title Guaranty Escrow Services, Inc., a Hawaii corporation, as the escrow agent.

Among other provisions, the Escrow Agreement provides that a purchaser under a Sales Contract for a Project condominium unit shall be entitled to a refund of his funds and the escrow agent shall pay such funds to the purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have both requested Escrow in writing to return to purchaser the funds of purchaser held by Escrow; or

(b) Developer shall have notified Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised the purchaser's right to cancel the Sales Contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised the purchaser's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or is deemed to have waived the right to a refund, pay the purchaser's funds to the purchaser (less a cancellation fee of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to \$250.00) and thereupon the Sales Contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held the Escrow Agreement; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer or written notice from Escrow of its intent to make such refund.

The Escrow Agreement also contains terms and conditions concerning a refund of purchasers' funds according to

provisions of Part VI in the Hawaii Condominium Act (Chapter 514A, Hawaii Revised Statutes).

Note: That Part VI of the Condominium Act, as well as provisions on refunds of purchasers' funds obtained before issuance of a Final Public Report, are inapplicable to the Kaanapali Alii Sales under this Supplementary Public Report. That Part VI deals with pre-sales to would-be owner occupants of units under a specially required statutory procedure, but that procedure is not applicable to Kaanapali Alii because of the Project's resort use and "hotel" zoning. The provision about purchasers' funds obtained before issuance of a Final Public Report is inapplicable because no such funds have been or will be obtained as to sales under this Supplementary Public Report; the Project Final Public Report was previously issued years before sales began under this Supplementary Report, and no such funds are being obtained before issuance of this Report. These inapplicable provisions appear in the Escrow Agreement because they are standard terms in Title Guaranty's agreement form.

A prospective purchaser is encouraged to examine and understand the Escrow Agreement and seek answers from an adviser of the purchaser's choice about the escrow arrangements, before contracting to purchase a unit.

The Escrow Agreement also provides that funds held in Escrow shall not be disbursed unless and until (a) the Real Estate Commission has issued a Final Public Report on the Project, (b) the Developer or Developer's attorney gives a written opinion to the Escrow Agent stating that the requirements of Sections 514A-62 and 514A-63 Hawaii Revised Statutes as amended have been met, (c) the Developer has given Escrow a written waiver of any option reserved in a Sales Contract to cancel the Contract, and (d) the Developer has delivered to Escrow a certificate from the Developer's architect stating that the Project is in compliance with Federal Fair Housing Amendments Act of 1988.

With respect to the conditions stated immediately above, buyer should note the following. The Project previously had a Final Public Report issued. The effects of Section 514A-62 and 514A-63 are summarized on printed page 19 of this Public Report. The applicable portions are those following the heading "Final Report, Supplementary Report to a Final Report" and "Material Change," where the discussion concerns the "Buyer's Right to Cancel Sales Contract" according to "A. Rights Under the Condominium Statute." Purchasers should note especially that even though the Escrow Agreement speaks in terms of a Final Public Report, the applicable Public Report for these sales will be this Supplementary Public Report, which supersedes the Final Report. Escrow's asking for a waiver of Developer's option to cancel is customary at closing if a transaction is otherwise ready to close. Finally, the Developer expects to provide Escrow a certificate that the Project is either in compliance with the Federal Fair Housing Amendments Act of 1988 or that the Act is not applicable to the Project.

Under the Escrow Agreement, a purchaser has a limited time to claim funds that escrow holds for refund to the purchaser. The time is sixty (60) days after notice of the refund. If the buyer fails to claim the funds in time, escrow can put them into a special account in the name of the Developer as Trustee for the buyer, notify the buyer of that, and be released from any further duties or liabilities concerning the funds and the buyer.

The Escrow Agreement provides that interest on escrowed money belongs to the Developer.

The Escrow Agreement also provides for disbursement of a purchaser's funds to the Developer upon the Developer's request, following failure of the purchaser to make a due payment and a subsequent written certification by the Developer to the Escrow Agent that the Developer has terminated the Sales Contract in accordance with its terms.