

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on

LAHAINA SHORES (PHASE II)
505 Front Street
Lahaina, Maui, Hawaii

Registration No. 1426

IMPORTANT — Read This Report Before Buying

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

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

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

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

Issued : June 25, 1981

Expires: July 25, 1982

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MAY 7, 1981 AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 19, 1981. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME LAW, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. LAHAINA SHORES, PHASE II, is the proposed second phase of the leasehold condominium project known as LAHAINA SHORES. Pursuant to a reservation contained in paragraph O of the Declaration of LAHAINA SHORES, the commercial apartment is proposed to be divided into seventy-seven (77) commercial apartments contained in four existing two-story buildings (Buildings A, B, C and D) with a partial basement, constructed principally of

wood, reinforced concrete, steel and glass. Phase II shall be a part of the LAHAINA SHORES condominium project as established by Declaration of Horizontal Property Regime dated June 14, 1974, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 9983, at Page 485, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 686530, as amended.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and the issuance of this Preliminary Public Report.
3. The Developer reports that the Second Amendment to Declaration of Horizontal Property Regime of LAHAINA SHORES, which reflects the proposed development of the commercial apartment into 77 commercial units, has not been executed or filed with the Office of the Assistant Registrar of the Land Court of the State of Hawaii or recorded in the Bureau of Conveyances of the State of Hawaii. The Declaration of Horizontal Property Regime of Lahaina Shores, dated June 14, 1974, is filed as Document No. 686530 and recorded in Liber 9983, at Page 485. The First Amendment of Declaration of Horizontal Property Regime of Lahaina Shores, dated July 29, 1974, is filed as Document No. 691472 and recorded in Liber 10063, at Page 442.
4. As of this date no advertising and promotional matters of Lahaina Shores, Phase II, have been submitted to the Commission pursuant to its rules and regulations.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, June 25, 1981, unless a Supplementary or Final Public Report issues, or the Commission, upon review of registration, issues an order extending the effective date of this report.
7. This Preliminary Public Report is made a part of the LAHAINA SHORES, PHASE II condominium project. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock), together with the Disclosure Abstract, in

the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt therefor from each such person.

NAME OF PROJECT: LAHAINA SHORES, PHASE II

LOCATION: The project is located at 505 Front Street, Lahaina, County of Maui, State of Hawaii, and consists of approximately 144,282 square feet of land.

TAX KEY: 4-6-2: 7 and 18

ZONING: Hotel District and Maui County Historic District

DEVELOPER: LAHAINA SHORES VILLAGE CO., a Hawaii limited partnership, whose business and post office address is 505 Front Street, Lahaina, Maui, Hawaii 96761 (Telephone: 667-2514), is the developer of the Project. McNeil Construction Co., a California corporation authorized to do business in the State of Hawaii, 505 Front Street, Lahaina, Maui, Hawaii, is the general partner of the Developer and Bruce W. McNeil, 475 Front Street, Lahaina, Maui, Hawaii, is the limited partner of the Developer.

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

DESCRIPTION OF PROJECT AND APARTMENTS: The proposed Project shall consist of four (4) existing buildings containing seventy-seven (77) commercial apartments. The apartments will be constructed principally of wood, reinforced concrete, steel and glass. The building exteriors are of wood. Fire sprinklers are installed throughout the buildings.

The types of apartments and their location, number of rooms, floor area and other data are more particularly described in Exhibit "A" attached hereto.

Phase II shall be integrated with the initial phase of LAHAINA SHORES as described in the Preliminary Public Report on LAHAINA SHORES, Registration No. 523, issued by the Commission on April 17, 1973, and the Final Public Report on LAHAINA SHORES, Registration No. 523, issued by the Commission on July 3, 1974. The initial phase contained 199 residential apartments located in a seven-story building with a partial basement and a commercial apartment located in four separate buildings with a partial basement. Pursuant to a reservation contained in paragraph O of the Declaration, the commercial apartment is proposed to be divided into 77 separate commercial apartments as described in the proposed Second Amendment

to Declaration of Horizontal Property Regime.

COMMON ELEMENTS: The common elements of Phase II will be integrated with the common elements of Phase I of LAHAINA SHORES and will include the land and all improvements on the land (except for all portions thereof which are apartments) as well as all common elements mentioned in Chapter 514A, Hawaii Revised Statutes, which are actually included in both Phases I and II of the project, including specifically but not limited to:

(a) Said land in fee simple (which is intended to be leased to apartment owners in Phase II separately and apart from the conveyance or other transfer of the apartment).

(b) The foundations, columns, girders, beams, supports, load-bearing walls not exclusively serving a particular apartment, roofs, halls, corridors, lobbies, stairs, stairways and fire escapes and entrances and exits of the residential apartment building and of the four separate buildings containing the commercial apartments.

(c) The yards and grounds, recreational facilities, fences, walkways, parking and loading areas, driveways and pavement.

(d) Central facilities and appurtenant installations for utility and other common services such as power, light, gas, water and air conditioning.

(e) Elevators, tanks, pumps, motors, fans, compressors, ducts and, in general, all other apparatus and installations existing for common use.

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

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements and shall be charged with the expenses relating thereto as follows:

1. The following designated common elements are reserved for the exclusive use and are appurtenant to all of the residential apartments of the project, located wholly in Phase I of LAHAINA SHORES: All of the land area, herein

called the "residential apartment site", the perimeter of which is delineated in said plans and within which said seven-story residential apartment building is located, is hereby designated a limited common element appurtenant to and for the exclusive use of the residential apartments, subject, however, to easements over the same which may be provided herein, and all common elements within or situated on said residential apartment site shall be limited common elements for the exclusive use of and appurtenant to all of the residential apartments, including, but not limited to, all central installations for services such as power, light, gas, hot and cold water, refrigeration and air conditioning, all elevators with their appurtenant equipment and housings, tanks, pumps, motors, fans, ducts, chases, halls, corridors, stairways, the finished exterior vertical surfaces of the building, recreational facilities, if any, lobby, manager's office, parking area and landscaping which are designed for the exclusive use of the residential apartments or are located within or situated on said residential apartment site.

All expenses which are incurred in connection with the common elements reserved for the exclusive use of the residential apartments shall be borne by each residential apartment according to its respective apartment plan, as follows:

Plan A	.4314%
Plan A-1	.4766%
Plan B	.8915%
Plan C	.8190%
Plan C-1	.7100%
Plan C-2	.7371%
Plan D	.9555%
Plan E	1.1067%
Plan 1-Br.	.8626%

2. The following designated common elements are reserved for the exclusive use and are appurtenant to the commercial apartments: All of the land area, herein called the "commercial apartment site" (which shall also be known as "Lahaina Shores Village"), the perimeter of which is delineated in said plans, as amended, and within which said Buildings A, B, C and D are located, is hereby designated a limited common element appurtenant to and for the exclusive use of the commercial apartments, subject, however, to easements over the same which may be provided herein, and all common elements within or situated on said commercial apartment site, excluding the parking area located below Buildings A, B, C and D, shall be limited common elements for the exclusive use and appurtenant to said commercial apartments, including, but not limited to, commercial apartment 114, all central installations for services such as

power, light, gas, hot and cold water, refrigeration and air conditioning, stairways, all furnished exterior vertical surfaces which form a part of the exterior of Buildings A, B, C and D, the courtyard, walks and arcades adjacent to said buildings, and the landscaping which are designed for the exclusive use of the commercial apartments, or are located within or situated on said commercial apartment site.

All expenses which are incurred in connection with the common elements reserved for the exclusive use of the commercial apartments shall be borne by each commercial apartment in the proportion that each commercial apartment's common interest, as set forth in the Declaration, bears to the total common interests of all commercial apartments in the project.

3. The parking area located below the buildings containing the commercial apartments is reserved for the use of the commercial apartments on an exclusive basis except for the use of thirty (30) parking spaces therein which shall at all times be available for use by the residential apartments of the project on an unassigned basis; provided, however, that the lessor may in its discretion designate the thirty (30) parking spaces which may be so used by the residential apartments on an unassigned basis by an appropriate indication in such parking spaces, and the lessor may also from time to time regulate the use of the parking spaces reserved for the commercial apartments on an unassigned basis.

4. The areas delineated in red adjacent to Apartments 115 and 116 in the commercial apartment site containing approximately 753 square feet and 858 square feet, respectively, are hereby designated limited common elements appurtenant to and for the exclusive use of Apartments 115 and 116, respectively, and all expenses incurred in connection with these areas shall be borne entirely by said Apartments 115 and 116; provided, however, that the owners of said apartments may at any time designate said limited common elements as limited common elements reserved for the exclusive use of all commercial apartments by filing and recording an appropriate amendment to the Declaration, executed solely by such owner or owners. Board approval and/or the approval of any apartment owner, if required, shall be given as long as such amendment to the Declaration shall be in appropriate form.

INTEREST TO BE CONVEYED TO PURCHASERS: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project (herein called the "common interest"), and the same proportionate share in the common expenses of the project, except for expenses related to the limited common elements, and for all other purposes including voting on issues of common concern, in accordance with its respective apartment plan, as follows:

Residential Apartments - existing and remaining unchanged

Plan A (158 units)	.3028%	47.8424
Plan A-1 (10 units)	.3347%	3.3470
Plan B (10 units)	.6260%	6.2600
Plan C (11 units)	.5751%	6.3261
Plan C-1 (1 unit)	.5055%	.5055
Plan C-2 (1 unit)	.5176%	.5176
Plan D (6 units)	.6709%	4.0254
Plan E (1 unit)	.7799%	.7799
Plan 1-Br. (1 unit)	.6056%	.6056
TOTAL		<u>70.2095%</u>

Commercial Apartments - proposed Phase II schedule

Commercial Apartment 101	.5897%
Commercial Apartment 102	.3303%
Commercial Apartment 103	.2974%
Commercial Apartment 104	.3459%
Commercial Apartment 105	.3844%
Commercial Apartment 106	.3399%
Commercial Apartment 107	.3490%
Commercial Apartment 108	.3313%
Commercial Apartment 109	.2529%
Commercial Apartment 110	.1158%
Commercial Apartment 111	.2999%
Commercial Apartment 112	.3378%
Commercial Apartment 113	.3378%
Commercial Apartment 115	.5002%
Commercial Apartment 116	.5331%
Commercial Apartment 117	.3849%
Commercial Apartment 118	.3904%
Commercial Apartment 119	.3859%
Commercial Apartment 120	.4820%
Commercial Apartment 121	.4800%
Commercial Apartment 122	.5381%
Commercial Apartment 123	.3520%
Commercial Apartment 124	.2842%
Commercial Apartment 125	.3439%

Commercial Apartment 126	.3459%
Commercial Apartment 127	.3515%
Commercial Apartment 128	.3657%
Commercial Apartment 129	.5351%
Commercial Apartment 130	.3024%
Commercial Apartment 131	.3338%
Commercial Apartment 132	.4521%
Commercial Apartment 133	.5422%
Commercial Apartment 134	.5624%
Commercial Apartment 135	.3242%
Commercial Apartment 136	.2134%
Commercial Apartment 137	.2883%
Commercial Apartment 138	.3773%
Commercial Apartment 139	.2918%
Commercial Apartment 140	.3550%
Commercial Apartment 141	.2994%
Commercial Apartment 142	.3136%
Commercial Apartment 201	.5427%
Commercial Apartment 202	.3131%
Commercial Apartment 203	.2362%
Commercial Apartment 204	.3925%
Commercial Apartment 205	.2387%
Commercial Apartment 206	.4071%
Commercial Apartment 207	.8753%
Commercial Apartment 208	.5437%
Commercial Apartment 209	.1158%
Commercial Apartment 210	.5260%
Commercial Apartment 211	.6893%
Commercial Apartment 212	.4825%
Commercial Apartment 213	.5867%
Commercial Apartment 214	.3596%
Commercial Apartment 215	.6580%
Commercial Apartment 216	.7095%
Commercial Apartment 217	.5998%
Commercial Apartment 218	.4703%
Commercial Apartment 219	.3980%
Commercial Apartment 220	.3206%
Commercial Apartment 221	.3297%
Commercial Apartment 222	.3378%
Commercial Apartment 223	.4891%
Commercial Apartment 224	.4764%
Commercial Apartment 225	.4734%
Commercial Apartment 226	.1866%
Commercial Apartment 227	.2114%
Commercial Apartment 228	.1947%
Commercial Apartment 229	.2736%
Commercial Apartment 230	.4597%
Commercial Apartment 231	.2574%

Commercial Apartment 232	.2114%
Commercial Apartment 233	.3115%
Commercial Apartment 234	.4188%
Commercial Apartment 235	.1831%
Commercial Apartment 236	.2696%

TOTAL	29.7905%
TOTAL (Residential and Commercial)	100.0000%

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used only as follows:

1. The residential apartments shall be occupied and used as lodgings by the respective owners thereof, their tenants, families, domestic servants and guests.

2. The commercial apartments shall be occupied and used only for general office or commercial purposes and may include any lawful commercial enterprise therein.

Except for the above expressed restrictions, the owners of the respective apartments shall have the absolute right to rent such apartments subject to all provisions of this Declaration. The Supplemental House Rules Applicable to Commercial Apartments submitted to the Commission indicate that (1) no pets are allowed, (2) no fires or barbecuing will be permitted on any lanais and (3) the owners and occupants of commercial apartments shall have no right to use and shall not use in any way the limited common elements of the project reserved for the exclusive use of the owners and occupants of the residential apartments, including, but not limited to, the swimming pool located on the residential apartment site.

OWNERSHIP OF TITLE: The Developer has filed with the Commission a Preliminary Title Report, dated May 1, 1981, prepared by Title Guaranty of Hawaii, Incorporated, which certifies that title to the land committed to this regime is vested in Richard Jerome O'Neill ("O'Neill") and Alice O'Neill Avery ("Avery"), as Trustees under Declaration of Trust dated April 18, 1968; Crocker National Bank ("Crocker"), Trustee under Will of Jerome O'Neill, deceased; and Lahaina Venturers ("Lahaina Venturers"), a Hawaii limited partnership. O'Neill, Avery and Crocker own the 199 residential apartments in the LAHAINA SHORES project and an undivided 70.2095% interest in all common elements of the project, including the land, pursuant to a Warranty Deed dated August 4, 1975, recorded as aforesaid in Liber 10825, at Page 422, and filed as aforesaid as Document No. 729860. Lahaina Venturers owns the commercial apartment which is proposed to be further divided into 77 commercial apartments

and an undivided 29.7905% in all common elements of the project, including the land, and Lahaina Shores Village Co. has agreed to acquire Lahaina Venturers' interests in the commercial apartment and its appurtenant undivided interests in the common elements of the project pursuant to an unrecorded Acquisition Agreement dated May 27, 1981, a copy of which is on file with the Commission.

ENCUMBRANCES: Said Preliminary Title Report dated May 1, 1981 prepared by Title Guaranty of Hawaii, Incorporated, states that as of the date of the search, title to the land is subject to:

1. Any and all real property taxes that may be due and owing; reference is made to the Tax Assessor, Second Division, State of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. 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.
4. 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 June 14, 1974, filed in said Office of the Assistant Registrar as Land Court Document No. 686530 and recorded in said Bureau in Liber 9983 at Page 485, and the Bylaws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said Bylaws. (Project covered by Condominium Maps Nos. 219 filed in said Office of the Assistant Registrar and 361 recorded in said Bureau of Conveyances.) Said Declaration was amended by instrument dated July 29, 1974, filed as Document No. 691472, recorded in Liber 10063 at Page 442.
5. AS TO PARCEL THIRD ONLY: Grant in favor of the Board of Water Supply of the County of Maui, dated August 1, 1974, recorded in Liber 10098 at Page 470; granting a waterline easement for fire hydrant purposes over a portion of said parcel.
6. AS TO PARCEL FIFTH ONLY: Grant in favor of Maui Electric Company, Limited, dated August 1, 1975, recorded in Liber 10825 at Page 414; granting easements for electrical purposes over and across portions of said parcel.

7. Partition Agreement dated as of August 4, 1975, filed as Document No. 729862, recorded in Liber 10825 at Page 467.

8. License Agreement dated February 16, 1978, recorded in Liber 12898 at Page 248, by and between Lahaina Venturers, a limited partnership, and the County of Maui (not noted on Transfer Certificates of Title Nos. 176,192, 176,814, 204,523 and 204,524).

9. That certain Mortgage dated July 3, 1975 by and between Lahaina Venturers, a Hawaii registered limited partnership, as mortgagor, and American Savings and Loan Association, a Utah corporation, as mortgagee, filed in said Land Court as Land Court Document No. 726613 and recorded in said Bureau in Liber 10763, Page 244. The Mortgage confirmed by instrument dated August 4, 1975, filed as Document No. 729863, recorded in Liber 10825 at Page 477.

By instrument dated July 3, 1975, recorded in Liber 10807 at Page 488, Lahaina Venturers, assigned to American Savings and Loan Association all right, title and interest in and to various unrecorded leases covering premises in the Whaler's Market Place, being the commercial apartment of Lahaina Shores, as additional security to said above Mortgage (not noted on Transfer Certificate of Title No. 176,192).

10. That certain Mortgage dated January 12, 1979 by and between Lahaina Venturers, a Hawaii registered limited partnership, as mortgagor, and McGarry Capital Corp., a New York corporation, as mortgagee, filed in said Land Court as Land Court Document No. 918462 and recorded in said Bureau in Liber 13414, Page 327.

By Assignment dated January 12, 1979, filed as Document No. 918463, recorded in Liber 13414 at Page 350, Lahaina Venturers assigned to McGarry Capital Corp. all right, title and interest as Lessor in any and all leases now in existence or hereafter made with respect to said commercial apartment, including any such lease or leases described herein, as additional security to said above mortgage.

11. That certain Mortgage dated August 1, 1980 by and between Lahaina Venturers, a Hawaii registered limited partnership, as mortgagor, and Lawrence G. McNeil Co., a California corporation, as mortgagee, filed as aforesaid as Land Court Document No. 1044911 and recorded as aforesaid in Liber 15190, Page 175.

12. Notice of State of Hawaii tax lien (Department of Labor & Industrial Relations) against Association of Apartment Owners of Lahaina Shores dated June 23, 1980 recorded as aforesaid in Liber 14814, Page 51 (not noted on Transfer Certificate of Title Nos. 176,192, 176,814, 204,523 and 204,524).

- NOTE:
1. Title to the land is also subject to all easements now or hereafter of record, and the Developer reserves the right to designate and grant all rights of way or easements to any public utility or governmental authority, for the construction, installation, operation, maintenance, repair and replacement of lines and other transmission facilities and appurtenances for electricity, gas, telephone, sewer drainage, radio and television signal distribution and other services and utilities over, across and under said easements according to the respective designations thereof, and to establish reasonable covenants to be performed by the grantee of such easements relating to the maintenance of such easements and the facilities and appurtenances thereof, and access thereto, which covenants shall be covenants benefiting and running with the land.
 2. Various unrecorded tenant leases, etc., covering portions of the commercial apartment within the condominium project known as LAHAINA SHORES (Phase II).
 3. Pending in the Circuit Court of the First Circuit, State of Hawaii, is Civil No. 65404; American Savings and Loan Association, Plaintiff, vs. Bruce William McNeil, dba Lahaina Shores, a Hawaii limited partnership, John Does 1-50, Jane Does 1-50, Doe Partnerships 1-50, Doe Governmental Units 1-50, Doe Corporations 1-50, Doe Entities 1-50, Defendants; Re: foreclosure of mortgage filed as Document No. 726613, recorded in Liber 10763 at Page 244.

PURCHASE MONEY HANDLING: A copy of the specimen sales contract and the escrow agreement has been submitted as part of the registration. The escrow agreement dated June 9, 1981 identifies TITLE GUARANTY ESCROW SERVICES, INC., as the escrow agent. Upon examination, the specimen sales contract and the executed escrow agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly with Sections 514A-37, 514A-39 and 514A-63 through 514A-66.

Among other provisions the executed escrow agreement provides that a purchaser under contract of sale, upon written request, shall be entitled to a refund of all monies deposited with escrow, less a cancellation fee of not less than \$25.00 or a cancellation fee commensurate with the work done by escrow prior to such cancellation, whichever fee is greater, imposed by the escrow agent, if any one of the following shall have occurred: (a) Developer has requested escrow in writing to return to purchaser the funds of such purchase then held by escrow; or (b) if less than forty-eight (48) hours has elapsed since purchaser has acknowledged receipt of a true copy of the Real Estate Commission's Final Public Report for Lahaina Shores, Phase II.

The specimen sales contract provides in part: (1) that if the purchasers who have agreed to obtain mortgage loans have not secured commitments therefor satisfactory to developer within 45 days after application for the same, Developer may elect to terminate, at Developer's option, the sales contract upon written notice to the purchaser and, upon such termination, all monies paid by the purchaser shall be refunded without interest, less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred by Developer or the lending institution in processing such loan application; provided, however, that if Developer ascertains that the purchaser has failed to qualify for the mortgage loan due to the failure to use his best efforts to obtain a mortgage loan in good faith or to do or perform all acts necessary to obtain such loan, then such failure shall constitute a default by the purchaser entitling Developer to retain all sums paid as liquidated damages as provided in paragraph 21 of the sales contract; (2) that if the purchaser who shall not require financing has not submitted an acceptable financial statement, Developer shall have thirty (30) days to terminate the sales contract and cause to be refunded to purchaser the amounts already paid, without interest, less the cost of any credit report, escrow cancellation fees and other costs actually incurred in reviewing such financial statement; (3) prospective purchasers should be aware that the Developer's mortgage loans (interim, renewals and extensions) used for the construction of the project shall be and remain at all times a superior lien on the project, and purchasers intentionally waive and subordinate the priority of lien under the sales contract or reservation agreement in favor of such mortgage loans and waive any claims which they may have against Developer for breach of the sales contract or reservation agreement in the event that said mortgage loans are foreclosed; (4) that the contract constitutes only a

reservation agreement until such time as the Developer deposits in the U.S. mails a notice addressed to the purchaser stating that Developer has determined that the project can go forward, after which time the sales contract becomes binding. Prior to that time, either the Developer or the purchaser has an unconditional right to cancel the contract by written notice to the other; (5) Developer reserves the right to retain or acquire the ownership of any number of apartment units in the project and shall be entitled to use such units as it sees fit including, but not limited to, the rental of said units.

Additionally, the sales contract provides that the Developer makes no warranties, express or implied, with respect to the apartments or any common element or anything installed therein. Developer shall assign to buyers any and all warranties given Developer by the general contractor of the project together with any guarantees against faulty material or workmanship.

PROGRAM OF FINANCING: The developer has not obtained an interim construction loan or entered into a construction contract with respect to LAHAINA SHORES, PHASE II.

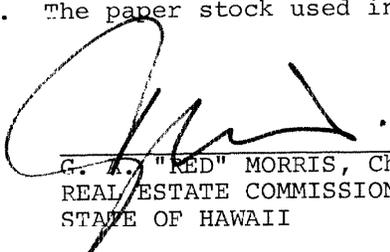
MANAGEMENT AND OPERATION: Article IV Section 2 of the Bylaws states that the Board of Directors shall at all times employ a responsible corporate managing agent to manage and control the property subject at all times to direction by the Board of Directors. Aaron M. Chaney, Inc. is the managing agent for Phase I, but, to date, there is no managing agent for Phase II.

STATUS OF PROJECT: The Developer advises that it intends to commence construction of LAHAINA SHORES, PHASE II on September 1, 1981 and to complete the same on or about September 1, 1982.

The purchaser or prospective purchaser should be cognizant of the fact that this Preliminary Public Report represents information disclosed by the Developer in the required Notice of Intention submitted May 7, 1981, and information subsequently filed as of June 19, 1981.

THIS PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM)
PUBLIC REPORT is made a part of REGISTRATION NO. 1426 filed
with the Commission on May 5, 1981.

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



G. A. "RED" MORRIS, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

DISTRIBUTION:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT
COUNTY OF MAUI
FEDERAL HOUSING ADMINISTRATION
TITLE GUARANTY ESCROW SERVICES, INC.

REGISTRATION NO. 1426

DATED: June 25, 1981

EXHIBIT "A"

Seventy-seven (77) estates are designated as commercial apartments in the spaces within the perimeter walls, floors and ceilings of each of the seventy-seven commercial apartments of the project contained in the four two-story buildings, ("Buildings A, B, C and D") with a partial basement, constructed principally of wood, reinforced concrete, steel and glass, as described herein and as shown on the plans of the project, as amended. Buildings A, B, C and D are wooden, fire-sprinklered buildings. Each commercial apartment is numbered and located as shown on said plans and contains the number of rooms and approximate gross floor area according to the plan of such commercial apartment as described below and as shown on said plans, as amended. Beginning with the ground floor, the floors are numbered in ascending order with the numbers 1 and 2. The commercial apartments are designated by a three digit number: the first digit indicates the number of the floor and the remaining two digits indicate the position of the commercial apartment on the floor as shown on said plans, as amended.

(a) Said plans, as amended, are designated as follows:

(1) Apartment 101 contains 3 rooms (a large room, with two restrooms) with an approximate gross floor area of 1166 square feet, located on the first floor of Building C.

(2) Apartment 102 contains 1 large room, with an approximate gross floor area of 653 square feet, located on the first floor of Building C.

(3) Apartment 103 contains 1 large room, with an approximate gross floor area of 588 square feet, located on the first floor of Building C.

(4) Apartment 104 contains 1 large room, with an approximate gross floor area of 684 square feet, located on the first floor of Building C.

(5) Apartment 105 contains 1 large room, with an approximate gross floor area of 760 square feet, located on the first floor of Building C.

(6) Apartment 106 contains 1 large room, an approximate gross floor area of 672 square feet, located on the first floor of Building C.

(7) Apartment 107 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 690 square feet, located on the first floor of Building C.

(8) Apartment 108 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 655 square feet, located on the first floor of Building C.

(9) Apartment 109 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 500 square feet, located on the first floor of Building C.

(10) Apartment 110 contains 1 room, with an approximate gross floor area of 229 square feet, located on the first floor of Building C.

(11) Apartment 111 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 593 square feet, located on the first floor of Building C.

(12) Apartment 112 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 668 square feet, located on the first floor of Building C.

(13) Apartment 113 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 668 square feet, located on the first floor of Building C.

(14) Apartment 115 contains 2 rooms (1 large room and 1 small room), with an approximate gross floor area of 989 square feet, located on the first floor of Building B.

(15) Apartment 116 contains 3 rooms (1 large room, with 2 restrooms), with an approximate gross floor area of 1054 square feet, located on the first floor of Building B.

(16) Apartment 117 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 761 square feet, located on the first floor of Building B.

(17) Apartment 118 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 772 square feet, located on the first floor of Building B.

(18) Apartment 119 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 763 square feet, located on the first floor of Building B.

(19) Apartment 120 contains 3 rooms (1 large room and 2 small rooms each containing a restroom), with an approximate gross floor area of 953 square feet, located on the first floor of Building B.

(20) Apartment 121 contains 2 large rooms, with an approximate gross floor area of 949 square feet, located on the first floor of Building B.

(21) Apartment 122 contains 2 large rooms, with an approximate gross floor area of 1064 square feet, located on the first floor of Building B.

(22) Apartment 123 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 696 square feet, located on the first floor of Building A.

(23) Apartment 124 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 562 square feet, located on the first floor of Building A.

(24) Apartment 125 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 680 square feet, located on the first floor of Building A.

(25) Apartment 126 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 684 square feet, located on the first floor of Building A.

(26) Apartment 127 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 695 square feet, located on the first floor of Building A.

(27) Apartment 128 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 723 square feet located on the first floor of Building A.

(28) Apartment 129 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 1058 square feet, located on the first floor of Building A.

(29) Apartment 130 contains 1 room, with an approximate gross floor area of 598 square feet, located on the first floor of Building A.

(30) Apartment 131 contains 1 room, with an approximate gross floor area of 660 square feet, located on the first floor of Building A.

(31) Apartment 132 contains 2 rooms (1 large room and 1 small room), with an approximate gross floor area of 894 square feet, located on the first floor of Building A.

(32) Apartment 133 contains 1 large room, with an approximate gross floor area of 1072 square feet, located on the first floor of Building A.

(33) Apartment 134 contains 1 large room, with an approximate gross floor area of 1112 square feet, located on the first floor of Building A.

(34) Apartment 135 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 641 square feet, located on the first floor of Building D.

(35) Apartment 136 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 422 square feet, located on the first floor of Building D.

(36) Apartment 137 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 570 square feet, located on the first floor of Building D.

(37) Apartment 138 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 746 square feet, located on the first floor of Building D.

(38) Apartment 139 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 577 square feet, located on the first floor of Building D.

(39) Apartment 140 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 702 square feet, located on the first floor of Building D.

(40) Apartment 141 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 592 square feet, located on the first floor of Building D.

(41) Apartment 142 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 620 square feet, located on the first floor of Building D.

(42) Apartment 201 contains 3 rooms (2 large rooms and 1 small room containing a bathroom), with an approximate gross floor area of 1073 square feet, located on the second floor of Building C.

(43) Apartment 202 contains 1 room, with an approximate gross floor area of 619 square feet, located on the second floor of Building C.

(44) Apartment 203 contains 1 room, with an approximate gross floor area of 467 square feet, located on the second floor of Building C.

(45) Apartment 204 contains 1 room, with an approximate gross floor area of 776 square feet, located on the second floor of Building C.

(46) Apartment 205 contains 1 room, with an approximate gross floor area of 472 square feet, located on the second floor of Building C.

(47) Apartment 206 contains 1 room, with an approximate gross floor area of 805 square feet, located on the second floor of Building C.

(48) Apartment 207 contains 4 rooms on two levels (2 large rooms and 1 small room containing a bathroom on the first level, and 1 large loft area room on the second level), with an approximate gross floor area of 1731 square feet, located on the second floor of Building C.

(49) Apartment 208 contains 3 rooms on two levels (1 large room and 1 small room containing a bathroom on the first level, and 1 large loft area room on the second level), with an approximate gross floor area of 1075 square feet, located on the second floor of Building C.

(50) Apartment 209 contains 1 room, with an approximate gross floor area of 229 square feet, located on the second floor of Building C.

(51) Apartment 210 contains 4 rooms on two levels (1 large room and 1 small room containing a bathroom on the first level, and 1 large room and 1 small room containing a bathroom on the second level), with an approximate gross floor area of 1040 square feet, located on the second floor of Building C.

(52) Apartment 211 contains 5 rooms on two levels (2 large rooms and 1 small room containing a bathroom on the first level, and 1 large room and 1 small room containing a bathroom on the second level), with an approximate gross floor area of 1363 square feet, located on the second floor of Building C.

(53) Apartment 212 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 954 square feet, located on the second floor of Building C.

(54) Apartment 213 contains 3 rooms (2 large rooms and 1 small room containing a bathroom), with an approximate gross floor area of 1160 square feet, located on the second floor of Building B.

(55) Apartment 214 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 711 square feet, located on the second floor of Building B.

(56) Apartment 215 contains 5 rooms on two levels (2 large rooms and 1 small room containing a bathroom on the first level, and 1 large room and 1 small room containing a bathroom on the second level), with an approximate gross floor area of 1301 square feet, located on the second floor of Building B.

(57) Apartment 216 contains 5 rooms on two levels (2 large rooms and 1 small room containing a bathroom on the first level, and 1 large room and 1 small room containing a bathroom on the second level), with an approximate gross floor area of 1403 square feet, located on the second floor of Building B.

(58) Apartment 217 contains 3 rooms (2 large rooms and 1 small room containing a bathroom), with an approximate gross floor area of 1186 square feet, located on the second floor of Building B.

(59) Apartment 218 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 930 square feet, located on the second floor of Building B.

(60) Apartment 219 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 787 square feet, located on the second floor of Building B.

(61) Apartment 220 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 634 square feet, located on the second floor of Building A.

(62) Apartment 221 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 652 square feet located on the second floor of Building A.

(63) Apartment 222 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 668 square feet, located on the second floor of Building A.

(64) Apartment 223 contains 3 rooms (2 large rooms and 1 small room containing a bathroom), with an approximate gross floor area of 967 square feet, located on the second floor of Building A.

(65) Apartment 224 contains 4 rooms (3 large rooms and a corridor), with an approximate gross floor area of 942 square feet, located on the second floor of Building A.

(66) Apartment 225 contains 5 rooms, with an approximate gross floor area of 936 square feet, located on the second floor of Building A.

(67) Apartment 226 contains 1 large room, with an approximate gross floor area of 369 square feet, located on the second floor of Building A.

(68) Apartment 227 contains 1 large room, with an approximate gross floor area of 418 square feet, located on the second floor of Building A.

(69) Apartment 228 contains 1 large room, with an approximate gross floor area of 385 square feet, located on the second floor of Building A.

(70) Apartment 229 contains 1 large room, with an approximate gross floor area of 541 square feet, located on the second floor of Building A.

(71) Apartment 230 contains 1 large room, with an approximate gross floor area of 909 square feet, located on the second floor of Building A.

(72) Apartment 231 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 509 square feet, located on the second floor of Building D.

(73) Apartment 232 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 418 square feet, located on the second floor of Building D.

(74) Apartment 233 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 616 square feet, located on the second floor of Building D.

(75) Apartment 234 contains 3 rooms (2 large rooms and 1 small room containing a bathroom), with an approximate gross floor area of 828 square feet, located on the second floor of Building D.

(76) Apartment 235 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 362 square feet, located on the second floor of Building D.

(77) Apartment 236 contains 2 rooms (1 large room and 1 small room containing a bathroom), with an approximate gross floor area of 533 square feet, located on the second floor of Building D.

(b) Each of the following apartments has a lanai or balcony, the area of which is included in the square footages set forth above: Apartment Nos. 111, 112, 113, 117, 118, 119, 201, 202, 206, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 221, 223, 224, 233 and 236.

(c) Each commercial apartment has immediate access to the corridors, stairways, courtyard, walkways, driveways and ramps connecting it to the adjacent public areas and streets.

(d) Except as specifically otherwise provided, each commercial apartment shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, floors and ceilings surrounding any space comprising the apartment or of interior load-bearing walls, or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment in the project. Said apartments shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the interior decorated or finished surfaces of all walls, floors and ceilings surrounding any space comprising the apartment, and all fixtures and equipment installed in any such space. All doors, windows and glass walls serving said apartment shall be considered a part of such apartment.