

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer KAMAOLE VACATIONS, INC.
Address P. O. Box 2041, Kahului, Maui, Hawaii 96793

Project Name(\*): KAMAOLE SURF
Address 2381 S. Kihei Road, Kihei, Maui, Hawaii 96753

Registration No. 1456

Effective date: September 28, 2005

Expiration date: October 28, 2006

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: (yellow) 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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Preliminary Public Report dated: November 10, 1981
[X] Final Public Report dated: February 26, 1982
[X] Supersedes all prior public reports
[X] Must be read together with
[X] This report reactivates the public report(s) which expire on

(\* ) Exactly as named in the Declaration

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report                       Not Required - disclosure 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 public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL NOTICE**

1. **Project Registration.** The Kamaole Surf Condominium project and Kamaole Vacations, Inc., as the developer, obtained effective dates for a Preliminary Public Report on November 10, 1981 and a Final Public Report on March 26, 1982. This Supplementary Public Report serves to up-date the information on the Project and the units still held by Kamaole Vacations, Inc.
2. **Units Covered by this Report.** This Supplementary Public Report only covers and serves to disclose information relating to units B107, C106, C108, C109, and C208 in the Kamaole Surf Condominium project. The Developer is the owner in fee simple of the subject five apartments. There are a total of 37 units in this Project. The Developer originally constructed this Project in 1982 and since that time, had merely kept title to the subject five units.
3. **Time Share Plan.** The other units in the Project are either in a time share plan or used in connection with the management and/or marketing of the units in the time share plan. The name of the time share plan is Kamaole Beach Club, and is registered with the Department of Commerce and Consumer Affairs, State of Hawaii, under Reg. No. TD(P)-21.
4. **Not a Conversion.** This Project is not a conversion because it was registered as a condominium project in accordance with Chapter 514A, HRS when it was originally constructed in 1982.

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.**

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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 of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 lessees (apartment owners/tenants) 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 at the lessee's expense. 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. The 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 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 project's 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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 of 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: KAMAOLE VACATIONS, INC. Phone: (808) 242-6729
Name
P. O. Box 2041
Business Address
Honolulu, Hawaii 96753

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary)

Paul S. Ferreira, President-Treasurer-Director / Masaru Yokouchi, Vice President-Secretary-Director

Real Estate Broker: MSY, Corp., dba Aina Maui Properties Phone: (808) 242-4400
Name (Business)
2145 Wells Street, #301
Business Address
Wailuku, Maui, Hawaii 96793

Escrow: Fidelity National Title & Escrow of Hawaii, Inc. Phone: (808) 536-0404
Name
201 Merchant Street, Suite 2100
Business Address
Honolulu, Hawaii 96813

General Contractor: Not Applicable (See page 20) Phone:
Name (Business)
Business Address

Condominium Managing Agent: MSY, CORP., dba Aina Maui Properties (See page 20) Phone: (808) 242-4400
Name (Business)
2145 Wells Street, Suite 301
Business Address
Wailuku, Maui, Hawaii 96793

Attorney for Developer: Michael H. Sakai, Esq. Phone: (808) 531-4171
Name (Business)
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813-2977

**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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

- 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 15577 Page 354  
 Filed - Land Court: Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration recorded in said Bureau, in Book 16693, Page 453.

- 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 Conveyances, Condo Map No. 810  
 Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- 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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
Book 15577 Page 354  
 Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

\*The percentage for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

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:

A summary of the reserved rights are as follows:



Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed period of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 2381 S. Kihei Road, Kihei, Maui, Hawaii 96753  
Tax Map Key (TMK): (2) 3-9-020-021

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 69,029  square feet  acre(s)  Zoning: H-1

Fee Owner: KAMAOLE VACATIONS, INC.  
 Name  
P. O. Box 2041, Kahului, Maui, Hawaii 96793  
 Address

Lessor: N/A  
 Name  
 Address

C. **Buildings and Other Improvements:**

1.  New Building(s) (built in 1982)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2. Number of Buildings: 3 Floors Per Building 2  
 Exhibit A contains further explanations.
3. Principal Construction Material:  
 Concrete       Hollow Tile       Wood  
 Other and other allied materials
4. Permitted Uses by Zoning:

	<u>No of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>5</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	_____	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare	<u>32</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes       No

\*The five units covered by this Public Report are not a part of any time share plan or any short term rental program.

5. Special Use Restrictions:

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

[ ] Pets: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[ ] Other: \_\_\_\_\_

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators:  0  Stairways:  1/unit  Trash Chutes:  0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
AE	1	2/2	939	82	lanai
B/BR	2	1/1 ½	693	69	lanai
CR	1	2/2	902	75	lanai
D	1	2/2	1033	92	lanai

Total Apartments:  5  (There are a total of 37 units in the Project. Only the unit types of the five apartments are described above).

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

**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:

The boundary of each unit is the interior finished surfaces of the units' perimeter walls, ceilings, windows and frames, and doors.

Permitted Alterations to Apartments:

NONE

Apartments Designated for Owner-Occupant Only: Not Applicable

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer  N/A  elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 47

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (total) (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	<u>37</u>	_____	<u>10</u>	_____	_____	<u>47</u>
Extra for	_____	_____	_____	_____	_____	_____	_____
Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>37</u>		<u>10</u>				<u>47</u>

Commercial parking garage permitted in condominium project.

Exhibit A contain additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational facilities

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: \_\_\_\_\_

9. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below.

Violations will be cured by \_\_\_\_\_

10. Conditions and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations  
(For conversions of residential apartments in existence for at least five years):

Not Applicable

1. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted.  
 Variance(s) to zoning code was/were granted as follows:

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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit   B  .

as follows:

2. Limited Common Elements: 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 use them, as described in the Declaration, are:

described in Exhibit \_\_\_\_.

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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_.

as follows:

<u>TYPE / UNIT</u>	<u>% INTEREST</u>
AE / C109	2.87%
B / B107	2.23%
BR / C108	2.23%
CR / C208	2.87%
D / C106	3.08%

The common interest was determined by allocating an equal percentage to both units.

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit C describes the encumbrances against the title contained in the title report dated July 21, 2005 issued by Fidelity National Title Insurance Company.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specific sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
---------------------	--

NONE

F. 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:

None. There are no warranties, express or implied.

2. Appliances:

None. There are no warranties, express or implied.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

The Project and units were completed in 1982 and since that time, the Developer has used them for short-term rentals and other uses relating to its operations of the Kamaole Beach Club time share plan.

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

**IV. CONDOMINIUM MANAGEMENT**

A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer  the Developer or the Developer's affiliate.  
 self-managed by the Association of Apartment Owners  other \_\_\_\_\_

B. **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.

Exhibit F contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change)

See Page 20.

C. **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:

- None  Electricity (\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Gas (\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable  
 Other \_\_\_\_\_

V. MISCELLANEOUS

A. **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

[X] Specimen Sales Contract  
Exhibit D contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated August 19, 2005  
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.

[X] Other MDU Service Agreement

B. **Buyer's Right to Cancel Sales Contract:**

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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 cancellation fee up to \$250.00.

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

Final Report or Supplementary Report to a Final Report: Sales made by a developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

**AND**

- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) 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:

A) There is a material change in the project which directly, substantially and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Report issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime
- C) Bylaws of the Association of Apartment Owners
- D) House Rules, if any.
- E) Condominium Map
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other: MDU Service Agreement; Declaration of Covenants, Conditions and Restrictions (Tsunami or Storm Wave District)

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of law: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is part of Registration No. 1456 filed with the Real Estate Commission on February 26, 1982.

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C. Additional Information Not Covered Above

NO WARRANTIES. The Developer is not making any warranties. The following will be contained in the apartment Deed::

"The said real property is being conveyed **"AS IS, WHERE IS AND WITH ALL FAULTS"** and except for the warranty of title set forth herein, Grantor has not made and does not make any warranties or representations of any kind, expressed or implied, as to the conditions, merchantability or state of repair of said real and personal property (including, without limitation, the roof, walls, foundations, soils, plumbing, electrical and mechanical systems, etc., located on, in or above said real property ) or the fitness of said real and personal property for any particular purpose, as to the soil condition (including, without limitation, suitability, stability, composition and drainage), the likelihood of appreciation in value of said real and personal property, the existence of gaps, gores or encroachments or violations of easements, building setbacks or building restrictions, or as to the compliance of said real property with any applicable count, state or federal statute, ordinance, rule or regulation or as to any other matter whatsoever pertaining to said real and person property. **GRANTEE ACCEPTS ALL RISKS OF ANY DEFECTS OR DEFICIENCIES IN SAID REAL AND PERSONAL PROPERTY, WHETHER KNOWN OR UNKNOWN, AND GRANTEE ACKNOWLEDGES THAT EXCEPT FOR SAID WARRANTY OF TITLE, GRANTOR MAKES NO EXPRESS WARRANTIES OF ANY KIND AND HEREBY DISCLAIMS ALL IMPLIED WARRANTIES OF ANY NATURE WHATSOEVER PERTAINING TO SAID REAL AND PERSONAL PROPERTY.**

AND Grantee hereby acknowledges that Grantor is not responsible for any latent defects, hidden defects or defect which title may reveal with respect to said real and personal property."

CONTRACTOR: The contractor who constructed the Project and apartments was Service Contracting Company. The construction was completed in 1982.

MANAGING AGENT. The Developer has or will be contracting with MSY Corp., dba 'Aina Maui Properties for the condominium managing agent. Because the Project was being operated as a time share project, there was only a time share plan manager managing the entire Project in the past. The Developer may choose to pay for all actual cost associated with the five apartments rather than having each owner pay his maintenance fees. If this is the case, the Developer will file a disclosure abstract with the Real Estate Commission and provide a copy to each owner notifying them when maintenance fees would commence.

SHORELINE MANAGEMENT. The Project is located in an area that requires a Special Management Area Permit from the Planning Department, County of Maui. Because the Project is completed, the current improvements would have had to comply with such requirements, if any, when it was originally constructed in 1982. The construction or addition of additional improvements to the Project would require a Special Management Area Permit. These requirements would be in addition to the customary or typical requirements contained in the Building Code and Zoning Ordinances of Maui County. The Special Management Area Permit requirements could make new improvements difficult or financially unfeasible.

TSUNAMI DISTRICT. The Project is located in an area that may be subjected to tsunami or storm wave flooding. In connection with this hazard, the Project is subject to a Declaration of Covenants, Conditions and Restrictions (Tsunami or Storm Wave District) dated March 23, 1981 (recorded in Book 15443, Page 361)(the "CC&Rs"). The CC&Rs, amongst other matters, provide that the County of Maui cannot be held responsible for any damages to the Project, its buildings, apartments, and other improvements that may be caused by tsunami or storm wave flooding. The CC&Rs also requires that the County of Maui be indemnified from all claims for damages including wrongful death that may arise from such flooding. The Developer makes no representation as to the degree of any flood or tsunami risk within the Project and surrounding areas. Prospective purchasers are advised to consult with the County of Maui, State of Hawaii, and other public agencies, and appropriate experts to evaluate the potential risks.

MANAGING AGENT/BROKER. The real estate broker and condominium managing agent for the Project is MSY, Corp., dba Aina Maui Properties ("MSY"). MSY was previously owned by one of the principals of the Developer, Masaru "Pundy" Yokouchi ("Yokouchi"). Yokouchi no longer has any ownership interest in MSY. All of his ownership interest was transferred to his daughter, Leslie-Ann Yokouchi, who is the current president of MSY.

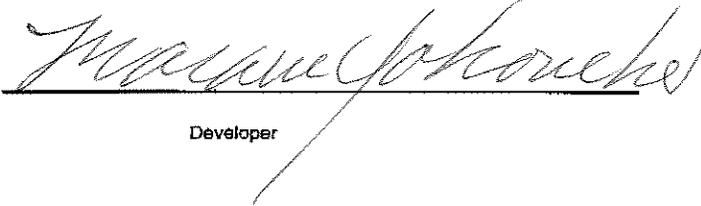
TIME SHARE OWNERS. Most of the apartments in the Project are a part of a time share plan. Accordingly, prospective purchasers of apartments should be aware of the following, amongst other matters:

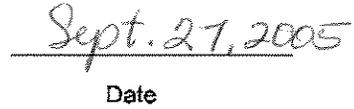
1. The time share owners will have a controlling interest in all matters concerning both the time share project and the Project as a condominium.
2. A purchaser of an apartment will not be able to “timeshare” his apartment. The ability to timeshare an apartment is subject to numerous and substantial requirements and the registration is held by the Developer.
3. Although MSY has been designated as the condominium managing agent for the condominium Project its ability to effectively manage the Project is subject to its ability to work with the current plan manager of the time share project and the board of the time share association.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6]. (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

**KAMAOLE VACATION, INC.**

Name of Developer

  
Developer

  
Date

Distribution:

Department of Finance, County of Maui  
Planning Department, County of Maui

\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

## EXHIBIT "A"

### Description of Apartments; Parking

#### I. Apartments

The description of each of the five types of apartments are as follows:

a. Apartments Types A and AR has two floors and a net interior floor area of 912 square feet and two lanais totaling 82 square feet. The first floor consists of a living-dining room, kitchen, a bathroom and a lanai. The second floor has two bedrooms, a bathroom and a lanai.

b. Apartment Types AE and AER has two floors and a net interior floor area of 939 square feet and two lanais totaling 82 square feet. The first floor consist of a living-dining room, kitchen, a bathroom and a lanai. The second floor has two bedrooms, a bathroom, a wardrobe and a lanai.

c. Apartment Types B and BR has a net interior floor area of 693 square feet and two lanais totaling 69 square feet. The first floor consists of a living-dining room, kitchen, one bedroom, and one and one-half bathrooms and a lanai.

d. Apartment Types C and CR has two floors and a net interior floor area of 902 square feet and a lanai of 75 square feet. The first floor consists of a living-dining room, kitchen, one bedroom, a bathroom and a lanai. The second floor has one bedroom and a bathroom.

e. Apartment Type D has two floors and a net interior floor area of 1,033 square feet and three lanais totaling 92 square feet. The first floor consists of a living room, dining room, kitchen, a bathroom and two lanais. The second floor has two bedrooms, a bathroom and a lanai.

#### II. Parking

There are 47 parking stalls in the Project. None of them are assigned. The parking stalls are available to the occupants of apartments in the Project on a first come, first serve basis.

EXHIBIT "B"

Common Elements

The common elements are:

- a. The land in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs and stairways in the buildings.
- c. The yard, grounds, landscaping, refuse facilities, swimming pool, pool building, office building, walkways, parking area and drive.
- d. The forty-seven (47) parking stalls and two (2) loading stalls.
- e. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water, and like utilities.
- f. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

EXHIBIT "C"

Encumbrances

1. For real property taxes due and owing your attention is directed to the Director of Finance, County of Maui.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. As to Parcels First and Second:

a. A 40-foot wide road easement, as described in Deed recorded in the Bureau of Conveyances, State of Hawaii, in Book 8478, Page 418.

b. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document in favor of Meyer M. Ueoka, husband of Yukie H. Ueoka, Lawrence N. C. Ing, husband of Betty K. Ing and B. Martin Luna, husband of Kay Y. Luna, dated April 27, 1979, granting a 40 feet wide road easement, recorded in said Bureau, in Book 13677, Page 216.

Amendment to Grant of Easement dated December 14, 1979, recorded in said Bureau, in Book 14780, Page 690, re: clarification to reflect a roadway and utility easement in favor of Parcels 15, 16, 19 and 20.

c. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document in favor of Maui Electric Company, Limited and Hawaiian Telephone Company, a Hawaii corporation (nka Hawaiian Telecom) dated May 28, 1979, for electrical and communication purposes over Easement D (besides other easements), recorded in said Bureau, in Book 13884, Page 711.

d. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document in favor of Maui Electric Company, Limited and Hawaiian Telephone Company, a Hawaii corporation (nka Hawaiian Telecom) dated September 20, 1979, for electrical purposes, recorded in said Bureau, in Book 14051, Page 65.

e. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document in favor of the County of Maui, a political subdivision of the State of Hawaii, dated June 27, 1979, in re: non-exclusive easement and right-of-way for water pipeline or pipelines over and across Easement "A" (besides other land), recorded in said Bureau, in Book 14069, Page 346.

4. An agreement, upon and subject to all of the provisions contained therein, by and between the County of Maui, Department of Water and Paul Ferreira (no marital status), dated May 23, 1979, recorded in said Bureau, in Book 13745, Page 722.

5. Condominium Map No. 810, recorded in the Bureau of Conveyances, State of Hawaii.

6. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Horizontal Property Regime of "Kamaole Surf", dated May 12, 1981, recorded in said Bureau, in Book 15577, Page 354.

The foregoing Declaration was amended instrument recorded in said Bureau, in Book 16693, Page 453.

7. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Deed dated March 10, 1981, recorded in said Bureau, in Book 15407, Page 514.

8. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Covenants, Conditions and Restrictions (Tsunami and Storm Wave District), dated March 23, 1981, recorded in said Bureau, in Book 15443, Page 361.

Subordination of the foregoing Declaration to that certain Declaration of Horizontal Property Regime dated May 13, 1981, recorded in said Bureau, in Book 15577, Page 354, as amended, as set forth by instrument dated May 4, 1983, recorded in said Bureau, in Book 17031, Page 559.

Amendment to said Declaration recorded in said Bureau, in Boo 19024, Page 250.

9. MDU Service Agreement dated October 1, 1998, recorded in said Bureau, as Document No. 99-046626.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Original Apartment Deed and the effect of any failure to comply with such terms, provisions and conditions.

11. Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as said Declaration may be amended from time to time in accordance with laws and/or in the Original Apartment Deed, and/or as delineated on said Condominium Map.

EXHIBIT "D"

Summary of Sales Contract

The Sales Contract (Deposit, Receipt Sales Contract) contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
  - a. substantially and materially impairs the use and enjoyment of the apartment;
  - b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;
  - c. renders unenforceable a purchasers' loan commitment;
  - d. increases the purchaser's share of common expenses or maintenance fees;
  - e. reduces the obligations of Developer of common expenses on unsold apartments.
5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project. Paragraph D.1 of the Sales Contract reads as follows:

"1. As Is - Where Is. Notwithstanding any other provision in this Agreement to the contrary, the Purchaser agrees and acknowledges that the Seller is selling the Apartment in an "AS IS, WHERE IS" condition. All land, improvements and other real and personal property will be sold, conveyed, and assigned by the Seller to the Purchaser "AS IS, WHERE IS" without any warranty or representations, express or implied, as to condition or fitness for any purpose whatsoever. The Purchaser agrees, acknowledges, and affirms to the Seller that the Purchaser as had full opportunity to inspect the same, and accepts all land, improvements and other real and personal property in their "AS IS, WHERE IS" condition. Purchaser understands that Purchaser is responsible to protect his own interest and that he should conduct his own thorough inspections. The Seller will not be required to make any repairs or pay any expenses concerning the condition of the Apartment or any other improvement in the Project. Seller specifically, without limiting the foregoing, makes no warranties or representations with regard to the following:

- (1) The condition, state of repair, operating order, safety, structural soundness, construction or habitability of any improvements on or under the land, Apartment and Project;
- (2) The fitness of any improvements for any particular purpose;
- (3) The compliance or regulation of the Apartment or Project or any improvements thereon with or under any building, environmental, archaeological, wetlands, endangered species, health, zoning, land use, subdivision, setback, or other applicable law, ordinance, rule or regulation;
- (4) The compliance of any easement, right-of-way or driveway with any building, health, zoning, land use, subdivision, setback or other applicable law, ordinance, rule or regulation;
- (5) The compaction, stability, composition, erosion or other condition of the soil for the buildings or any other purposes;
- (6) The existence of any improvements on or under the Project which go over the boundary lines of any adjoining lands;
- (7) The existence of any improvements on or under any adjoining lands which go over the boundary lines of the Project;
- (8) Any matter concerning the mechanical and other installations for electricity, water, gas, plumbing, sewer, telephone, cable television or any other utility for the Apartment (if any);
- (9) Any matter concerning the electrical, water, gas, plumbing, sewer, or any other utility systems (if any);

(10) Any matter concerning any drainage easement or drainage system (if any) on or for the Project or on any adjoining or other lands over which any such drainage easement or drainage system may go;

(11) Any staking or survey done by any person;

(12) The existence or non-existence of any hazardous materials such as lead based paint, asbestos, and the compliance of such materials with any applicable federal, state or local law;

(13) The compliance of the improvements with any Fair Housing and other laws, rules and regulations relating to accessibility; AND

(14) The existence or non-existence of any mold or mildew on or within the Apartment and whether the design or layout of an Apartment may or may not affect the growth or existence of such mold or mildew.

2. No Reliance by Purchaser. Purchaser is not relying on any representations or warranties (written, pictorial, oral, or otherwise) concerning the Apartment and Project and assumes all risks of the development or marketability of the Apartment and Project, the risk of changes in applicable laws, and the risk of obtaining any governmental approvals. Without limiting the foregoing, Purchaser acknowledges that neither Seller nor any of Seller's employees, or Broker, or any of its salespersons have made any representation or warranty that the Apartment has good investment potential or will increase in value or can be successfully developed.

3. The Condominium Map Is Not A Warranty. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. PURCHASER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER OR BROKER. The living areas of the apartments and the lanais were based on information provided by design professionals hired by Seller. Purchaser agrees that if it is discovered that the area of the Apartment, its lanai, and the dimensions of the parking stall are smaller or different in any manner from the Condominium Map that such differences shall not affect the Total Purchase Price. Purchaser further acknowledges and agrees that his decision to purchase was not made or based on the living areas or the foregoing dimensions but rather, based on Purchaser's inspection and viewing of the Apartment. Purchaser has inspected and approves the design and location of the parking stall (if any).

4. Seller Makes No Promises or Warranty About the Amount of Monthly Maintenance Charges. Purchaser has examined and approved the estimate of monthly maintenance charges and assessments for the Apartment and the Project as shown in the Budget for the Project prepared by the Seller and/or Managing Agent. Seller, Broker, and

Managing Agent make no promises or warranties about the accuracy of those amounts. Purchaser understands that those amounts are only estimates and may change for a lot of reasons. Purchaser accepts and approves any changes in such estimate made by Seller or the Managing Agent.

5. Seller Makes No Promises About Rentals. PURCHASER AGREES THAT NO ONE (INCLUDING THE SELLER, BROKER OR ANY SALESPERSON) HAS TALKED TO PURCHASER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR PURCHASER'S APARTMENT. IF PURCHASER WANTS TO RENT OR SELL THE APARTMENT, HOW PURCHASER DOES IT WILL BE UP TO PURCHASER, BUT SUBJECT TO ANY APPLICABLE OWNER-OCCUPANT RESTRICTIONS. PURCHASER ALSO AGREES THAT NO ONE HAS TALKED TO PURCHASER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

6. Acceptance of Conditions; Release. Purchaser hereby accepts all of the foregoing terms and conditions described in paragraphs a through e above as well as any loss or value, marketability, losses, expenses, damages, injury, sickness, inconvenience or annoyance which Purchaser or any occupant may experience as a result of such conditions and hereby expressly waives any rights, claims or actions which he might otherwise have against Seller as a result of such circumstances (collectively the "Claims"). The Purchaser, for himself, his heirs, personal representatives, successors, assigns, and any person using or occupying the Apartment, hereby fully, finally and forever, releases, and agrees to indemnify and hold harmless, Seller, Broker, Managing Agent, Seller's agents, and each of their respective employees, contractors, professionals, and its consultants, and each of their respective successors and assigns from and against any and all damages, liability, personal injury claims or illness, property damage claims, cost and expenses including reasonable attorney's fees, relating to any claim by the Purchaser or any person using or occupying the Apartment arising directly or indirectly out of or from the Claims, including impairment of the use and enjoyment of the Apartment and loss of market value and hereby agrees to these provisions which shall also be contained in the Apartment Deed and Purchaser shall further include these provisions in any subsequent conveyance of the Apartment. Purchaser furthermore agrees that Purchaser will not file suit or make any claim against Seller, Broker, Managing Agent, and any of their respective officers, directors, employees, agents, successors and assigns, on account of or resulting from the Claims or any inconvenience, disturbance, damages, claims, liability, and/or injury arising from or related to the conditions set forth in this Section 6. Purchaser represents and warrants to Seller that Purchaser, in Purchaser's sole discretion, has determined that the benefits of owning and enjoying the Apartment outweighs the risks of any of the conditions described in paragraphs a through e above. The terms of this Section 6 shall survive the occupancy of the Apartment by Purchaser and the delivery and recording of the Apartment Deed to Purchaser."

6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

7. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, all escrow fees, and also a start fee for common expenses.

b. By Developer: drafting of apartment deed and Developer notary fees, and conveyance taxes.

8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action to terminate contract and obtain refund of deposits;
- c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

10. The Sales Contract contains various other provisions which purchaser should become acquainted with. If there is a conflict between the terms of the Sales Contract and this summary, the former shall control.

EXHIBIT "E"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is FIDELITY NATIONAL TITLE & ESCROW OF HAWAII, INC.. Under the Escrow Agreement dated August 19, 2005, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there is a conflict between the terms of the Escrow Agreement and this summary, the former shall control.

EXHIBIT "F"

Maintenance Fee Schedule

Kamale Beach Club Association  
 Maintenance Fee Calculation  
 (Plan to sell 5 units as a whole)  
 Prepared 12/2/04

Replacement Reserve Funding	-
Accounting Services	5,000.00
Advertising	500.00
Employee Benefits - Medical	9,246.00
Insurance - Blanket Fire	6,863.00
Insurance - Flood	2,617.00
Insurance - Comm. Gen. Liab.	2,515.00
Management Fees	30,000.00
Office & Administrative	6,386.00
Rent	7,200.00
R&M - Building	8,858.00
R&M - Equipment	3,090.00
R&M - Fire Equipment	71.00
R&M - Grounds Labor	11,639.00
R&M - Grounds Supplies	2,000.00
R&M - Pest Control	1,286.00
R&M - Pool	800.00
R&M - Refuse	3,597.00
Salaries & Wages - Res. Mgr.	20,400.00
Salaries & Wages - Other	7,960.00
Taxes - GET	-
Taxes - Payroll	3,164.00
Taxes - Real Property	-
Taxes - Federal Income	500.00
Taxes - State Income	150.00
Utilities - Cable TV	7,879.00
Utilities - Electricity	43,260.00
Utilities - Sewer Usage Fee	10,740.00
Utilities - Water	10,200.00
Depreciation	2,833.00
<b>Total</b>	<b><u>208,854.00</u></b>

	<u>1-Bedroom</u>	<u>2-Bedroom</u>	<u>2-Bedroom</u>
1B: 208,854.00 X 2.28086%*	<u>4,763.67</u>		
2B: 208,854.00 X 2.93546%*		<u>6,130.83</u>	
2B: 208,854.00 X 3.15025%*			<u>6,579.42</u>
Divide by 12 months	396.97	510.90	548.29
Add Replacement Reserve Funding**	39.68	39.68	39.68
Calculated Maintenance Fee	<u>436.65</u>	<u>550.58</u>	<u>587.97</u>

\* - These percentages were taken from the attached "Schedule of Detailed Analysis for the Adopted Budget".

\*\* - This is the Compliance Funding (50%) amount taken from the Reserve Analysis prepared by Barrera and Company.  
 (See the attached)

I, MASARU YOKOUCHI, as the Vice President/Secretary of KAMAOLE VACATIONS, INC., developer, for the KAMAOLE SURF, condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
Signature

8-19-05  
Date

(\*) Mandatory reserves assessments and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83-6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.