REAL ESTATE COMMISSION
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

PRELIMINARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON

THE FOUNTAIN AT KAANAPALI
Kaanapali Place
Kaanapali, Maui, Hawaii

REGISTRATION NO. 1554

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: August 5, 1983
Expires: September 5, 1984

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JULY 6, 1983, AND INFORMATION FILED AS OF JULY 26, 1983. DEVELOPER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. THE FOUNTAIN AT KAANAPALI is a proposed fee simple condominium project consisting of 304 residential apartments and 2 commercial apartments in one building containing twelve floors and a penthouse level.

2. The Developer of the Project has submitted to the Commission for its examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.

3. The Developer reports that the Declaration of Horizontal Property Regime, the Bylaws of the Association of Apartment Owners and the Condominium Map will be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and the Bureau of Conveyances of the State of Hawaii immediately prior to the application for a Final Public Report.

4. No advertising or promotional materials have been submitted to the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.

6. This Preliminary Public Report expires thirteen (13) months after issuance, August 5, 1983, unless a Final or Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.

7. This Preliminary Public Report is part of the registration of THE FOUNTAIN AT KAANAPALI. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) and the Disclosure Abstract in the hands of all purchasers and securing a signed copy of the receipt therefor from each purchaser.

NAME OF PROJECT: The FOUNTAIN AT KAANAPALI.

LOCATION: The Project is located at the end of Kaanapali Place, Kaanapali, District of Lahaina, Island and County of Maui, State of Hawaii and has a land area of approximately 7.573 acres.

TAX MAP KEY: Second Division, 4-4-01-98.

ZONING: H-2 under Maui County Ordinances.

DEVELOPER: HASEKO HAWAII, INC., a Hawaii corporation, 820 Mililani Street, Suite 820, Honolulu, Hawaii 96813, Telephone: (808) 536-3771. The officers of the corporation are: Toshinobu Kakizawa, President; Makoto Sakaguchi, Vice President/Secretary/Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Cades Schutte Fleming & Wright (Attention: Stanley M. Kuriyama), Suite 1200, 1000 Bishop Street, P. O. Box 939, Honolulu, Hawaii 96808, Telephone: (808) 521-9200.

DESCRIPTION OF PROJECT: The Project consists of a twelve (12) story building with a penthouse level containing 304 residential apartments (the "Residential Apartments") and 2 commercial apartments (the "Commercial Apartments"), together with a three (3) story parking structure, as more fully described in Exhibit "A" attached hereto.

Each Apartment includes: (i) all the walls, columns and partitions which are not load-bearing within its perimeter walls, (ii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iii) any doors, door frames, lanai railing, windows or window frames along the perimeters, (iv) the airspace within the perimeters, and (v) the fixtures originally installed in the Apartments. The respective Apartments do not include: (a) the undecorated or unfinished surfaces of the perimeter (party and non-party) walls, (b) the interior load-bearing columns, girders, beams and walls, (c) the undecorated or unfinished floors and ceilings surrounding each Apartment, or (c) any pipes, shafts, wires, conduits or other utility or service lines running through such Apartment which are utilized for or serve more than one Apartment.

COMMON ELEMENTS: The common elements ("Common Elements") include all portions of the Project, other than the Apartments, including, specifically, but not limited to, the Common Elements mentioned in the Horizontal Property Act which are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an Apartment.

The tennis courts, swimming pools, jacuzzi, pavilion and the parking structure are also part of the common elements.

NOTE: The Association of Apartment Owners may adopt rules to assure equitable use of the parking stalls by all owners and install parking meters, gates, security devices, check-points or equipment appropriate to this end and may issue stickers or adopt an allocation system.

COMMERCIAL USE OF THE COMMON ELEMENTS: Portions of the Common Elements may be used for commercial or business purposes as determined by the Association of Apartment Owners,

acting through the Board of Directors or, until the Board is elected, the Developer, as more particularly described in Section 7 of Article V of the Bylaws.

LIMITED COMMON ELEMENTS: There are no limited common elements in the Project.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED: The Apartments have the percentage common interests in the Common Elements of the Project as set forth below. Interests in each Apartment will be transferred by the Developer to each buyer under an Apartment Deed.

Apartment Model	Percentage of Common Interest	Number of Apartments	Percentage Total
A	0.3889	136	52.8904
B	0.3536	22	7.7792
C	0.2976	11	3.2736
D	0.1916	44	8.4304
D-1	0.1925	11	2.1175
D-2	0.2072	11	2.2792
E	0.2361	18	4.2498
F	0.1524	18	2.7432
G	0.4894	11	5.3834
H	0.5225	11	5.7475
I	0.4589	11	5.0479
Commercial Apartment 1	0.0188	1	0.0188
Commercial Apartment 2	0.0391	1	0.0391
		Total	100.0000

Common interests have been calculated on the approximate total square footages of each Residential Apartment (gross area + lanai area), and 20% of the total floor area of the Commercial Apartments. The common interests shall be valid and effective, whether or not the Developer's calculations of such interests are accurate or mathematically correct.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: Each Residential Apartment shall at all times be used as a permanent or temporary residence and for any other purpose permitted by all applicable laws and the Declaration. Specific use restrictions are contained in the Apartment Deed, the Declaration and the Bylaws.

The owner of any two or more apartments separated by a party wall, with the consent of the owner's mortgage lenders may alter or remove all or portions of the intervening wall if the structural integrity and soundness of the Project is not thereby affected and if the finish of the wall then remaining is restored to a condition substantially comparable to that of the wall prior to such alteration or removal.

The Commercial Apartments may be used for any purpose which may from time to time be permitted by law. The

owners of Commercial Apartments may alter the layout of the spaces within the Commercial Apartment, may install, maintain and rearrange partitions and may add additional commercial operations by further partitioning the Commercial Apartments or otherwise so long as such changes to the interior of the Apartment do not affect the structural integrity of the Project.

Further, the Bylaws of the Association prohibit any livestock, poultry, rabbits or other animals in any part of the project.

OWNERSHIP OF TITLE: A status title report dated June 14, 1983, issued by Title Guaranty of Hawaii, Incorporated discloses that fee simple title to the land is held by the Developer.

ENCUMBRANCES: Said status title report discloses that the title to the property is subject to the following encumbrances:

1. For any taxes that may due and owing, reference is made to the Office of the Tax Assessor, Second Division, County of Maui, State of Hawaii.

2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance.

3. Covenants contained in that certain Deed dated November 30, 1968, filed as Land Court Document No. 461802, recorded in Liber 6334 at Page 394.

4. Easement for roadway and utility purposes across Lot 11, in favor of Lots 8, 10-A, 10-B and 10-C, as granted in said Deed filed as Document No. 461802, recorded in Liber 6334 at Page 394.

*5. That certain Section IVg Agreement For West Maui Areas dated August 14, 1980, recorded in Liber 14932 at Page 522, made by and between the County of Maui, Department of Water Supply, as "County", and Hasegawa Komuten (USA), Inc., a Hawaii corporation, as "Applicant".

6. Declaration of Covenants, Conditions and Restrictions (Flood Zone) dated July 9, 1980, filed as Document No. 1037789, recorded in Liber 15087 at Page 479.

7. Declaration of Covenants, Conditions and Restrictions (Tsunami or Storm Wave District) dated July 9, 1980, filed as Document No. 1037790, recorded in Liber 15087 at Page 487.

*NOTE: The parties to the said Agreement agree that the provision of water service by the County of Maui to the development is dependent upon the completion and successful operation of the Napili "C" Pumping Station Project, and until said Project is completed and operational, the County will not and cannot provide water service to the development

other than the provision of a temporary construction meter, except that if construction of the development is completed after November 10, 1980, and the Project is not yet operational, the County may issue a suitable water meter for said development but limit the occupancy thereof to not more than 80%.

PURCHASE MONEY HANDLING: A copy of a specimen Deposit Receipt and Sales Contract (the "Sales Contract") and an executed Escrow Agreement have been submitted as part of this registration. The Escrow Agreement, dated July 1, 1983, identifies Title Guaranty Escrow Services, Inc. as "Escrow". 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, 39, 40, 63 through 66. A prospective purchaser should carefully examine the form of Sales Contract and the Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon the purchaser to read and understand the Escrow Agreement before signing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's downpayments and the Sales Contract provides that the purchaser approves the Escrow Agreement.

The Sales Contract provides that the buyer's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgages or other security instruments made by the Developer in favor of any lending institutions to secure one or more loans for the purpose of constructing the Project.

The Sales Contract, among other things, contains acknowledgments by each buyer: (i) that the Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the Project other than apartments owned by the Developer upon completion of the Project, if any; (ii) that the buyer must make such arrangements for his apartment, if desired, without the involvement or participation of the Developer; (iii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iv) that the buyer acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; and (v) that until the Developer closes the sales of all the apartments in the Project, the buyer shall not enter into any agreement with any purchaser, lessee or owner of another apartment in the Project or any third party under which the buyer agrees to share rental income from apartments in the Project. In addition the Sales Contract contains provisions: (i) which permit the Developer to keep

the buyer's payment deposits under certain circumstances if the contract is cancelled; (ii) which provide for "pre-closing" of the Sales Contract; (iii) which set forth certain closing costs to be paid by the buyer; (iv) which reserve the Developer a right to conduct sales and construction activity at the Project after closing; (v) which provide a right for the Developer to change the condominium documents; and (vi) which limit assignment of the Sales Contract and cover many other important matters not described in this Public Report.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, and upon the terms and conditions provided for in the Sales Contract, if any one of the following has occurred:

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

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

In any of the foregoing events, Escrow will, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay funds to the purchaser (less a cancellation fee to Escrow in certain cases) and the Sales Contract and any Apartment Deed delivered to Escrow will be returned and shall be deemed no longer held under the Escrow Agreement; provided, however, that no refund will be made to a purchaser at purchaser's request prior to receipt by the Developer of written notice from Escrow of its intent to make such refund. Escrow also acknowledges that the Project may be registered for sale in other states or countries. Because legal requirements vary from place to place, purchasers in some states or countries may purchase on terms which are different from those on which Hawaii purchasers buy.

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

STATUS OF PROJECT: The Developer currently estimates that construction of the Project will commence in November, 1983.

The purchaser and prospective purchasers should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted July 6, 1983 and information subsequently filed as of July 26, 1983.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1554 filed with the Commission on July 6, 1983. The report, when reproduced, shall be a true copy of the Commission's Public Report. Paper stock used in making facsimiles must be yellow.

G. A. "Red" Morris, Chairman
Real Estate Commission
State of Hawaii

Distribution:

Department of Finance
Bureau of Conveyances
Planning Department
County of Maui
Escrow Agent
Federal Housing Administration

Registration No. 1554

Date: August 5, 1983

EXHIBIT "A"

PHYSICAL DESCRIPTION

A. Project. The Project consists of a twelve-story building with a penthouse level (the "Residential Building"), a three-story parking structure containing 533 parking stalls, 10 on-site public parking stalls and various recreational amenities including four tennis courts, three racquetball courts, a pavilion, a swimming pool, a jacuzzi and decorative ponds. The Residential Building is constructed principally of concrete, reinforced steel, glass and allied building materials. The Residential Building contains 304 residential apartments of 11 models (A, B, C, D, D-1, D-2, E, F, G, H and I) and two commercial apartments. The Residential Building is shaped basically like a "Y". The wing which runs in a north direction is hereinafter called the "North Wing"; the wing which runs in a south direction is hereinafter called the "South Wing"; and the stem of the "Y", which runs in a west direction, is hereinafter called the "West Wing".

B. Residential Apartments. The Project contains 304 residential apartments (84 studio apartments, 29 one-bedroom, one-bath apartments, 158 one-bedroom, two-bath apartments and 33 two-bedroom, two-bath apartments) based on 11 different models. All apartments are furnished with central air conditioning, dishwasher (except for Model F apartments), disposal, refrigerator, range/oven and washer/dryer. All apartments will have immediate access to one or more corridors which are common elements. Access between floors and from the corridors to the Project grounds is provided by elevators and stairwells in the Residential

Building. The location of each apartment in the Project may be determined by reference to its apartment number. Each apartment has a three or four digit apartment number. The last two digits indicate its approximate location within the Residential Building, and the preceding digit or digits indicates its floor level (e.g., apartment 201 is on the second floor and apartment 1001 is on the tenth floor), except that apartments located on the twelfth floor are designated by the prefix "PH1" and the apartments on the penthouse level are designated by the prefix "PH2".

West Wing. The apartments in the West Wing are located on floors 2 through 12, and are separated by a corridor which runs through the middle of the wing. There are no apartments in the West Wing on the ground (first) floor and the penthouse level.

One apartment (the "end apartment") is located at the end of the corridor on each floor. The apartment number of this apartment ends with the digits "31".

Twelve apartments are located on the northern side of the corridor on the 2nd, 3rd and 4th floors. Beginning with the apartment closest to the end apartment, and proceeding in an easterly direction, the apartment numbers of these apartments end with the digits "29", "27", "25", "23", "21", "19", "17", "15", "13", "11", "09" and "07", respectively.

Eleven apartments are located on the southern side of the corridor on the 2nd, 3rd and 4th floors. Beginning with the apartment closest to the end apartment, and proceeding in an easterly direction, the apartment numbers of these apartments end with the digits "32", "30", "28", "26", "24", "22", "20", "18", "16", "14", and "12", respectively.

Nine apartments are located on the northern side of the corridor on the 5th through 12th floors. Beginning with the apartment closest to the end apartment, and proceeding in an easterly direction, the apartment numbers of these apartments end with the digits "29", "27", "25", "23", "21", "19", "15", "11" and "07", respectively.

Eight apartments are located on the southern side of the corridor on the 5th through 12th floors. Beginning with the apartment closest to the end apartment, the apartment numbers of these apartments end with the digits "32", "30", "28", "26", "24", "20", "16" and "12", respectively.

North Wing. Three apartments are located on floors three through 12 and the penthouse level of the North Wing. The apartment number of the apartment located at the end of the North Wing on each floor ends with the digits "01"; the apartment immediately adjacent to that apartment ends with the digits "03"; and the apartment number of the apartment immediately adjacent to the "03" apartment ends with the digits "05". There are no apartments on the ground (first) and second floors of the North Wing.

South Wing. Five apartments are located on floors three through 12 and the penthouse level of the South Wing. The apartment number of the apartment located at the end of the South Wing on each floor ends with the digits "02"; and the last two digits of the apartment numbers increase by two's thereafter ("04", "06", "08" and "10"). There are no apartments on the ground (first) and second floors of the South Wing.

The apartment areas by model and number are as follows:

Model	Number	Bdrm/Bath	Area in Square Feet: Net Living Area	Gross Area	Lanai Area
A	136	1/2	935	1,112	110
B	22	1/2	871	942	169
C	11	1/1	735	793	142
D	44	Studio	472	517	85
D-1	11	Studio	475	520	85
D-2	11	Studio	522	566	85
E	18	1/1	583	682	60
F	18	Studio	353	429	50
G	11	2/2	1,176	1,248	290
H	11	2/2	1,355	1,398	244
I	11	2/2	1,076	1,140	302

NOTE: AS USED ABOVE, "NET LIVING AREA" MEANS THE ENCLOSED PORTION OF EACH APARTMENT MEASURED FROM THE INTERIOR SURFACE OF THE APARTMENT'S PERIMETER WALLS. AS USED ABOVE, "GROSS AREA" INCLUDES ALL OF THE WALLS AND PARTITIONS, VENTS, SHAFTS, DUCTS AND THE LIKE WITHIN EACH APARTMENT'S PERIMETER WALLS, THE ENTIRETY OF EACH APARTMENT'S PERIMETER NON-PARTY WALLS AND THE INTERIOR HALF OF EACH APARTMENT'S PERIMETER PARTY WALLS, WHETHER LOAD-BEARING OR NON-LOAD BEARING. CERTAIN OF THE AREAS INCLUDED IN THE "GROSS AREA" SQUARE FOOTAGES ARE COMMON ELEMENTS.

Apartments are described by model as follows:

1. Model A Apartments. These apartments consist of one bedroom, two bathrooms, two lanais, a living/dining area and a kitchen.

2. Model B Apartments. These apartments consist of one bedroom, two bathrooms, one lanai, a living/dining area and a kitchen.

3. Model C Apartments. These apartments consist of one bedroom, one bathroom, two lanais, a living/dining area and kitchen.

4. Models D, D-1 and D-2 Apartments. These studio apartments consist of one living/dining area, one

bathroom, one lanai and a kitchen. These models differ slightly in the location and size of their entryways.

5. Model E Apartments. These apartments consist of one bedroom, one bathroom, one lanai, a living/dining area and a kitchen.

6. Model F Apartments. These studio apartments consist of a living/dining area, one bathroom, one lanai and a kitchen.

7. Model G Apartments. These apartments consist of two bedrooms, two bathrooms, three lanais, a living/dining area, a wet bar and a kitchen.

8. Model H Apartments. These apartments consist of two bedrooms, two bathrooms, three lanais, a living/dining area, a wet bar and a kitchen.

9. Model I Apartments. These apartments consist of two bedrooms, two bathrooms, four lanais, a living/dining area, a wet bar and a kitchen.

Apartment Numbers. The apartments by model type are shown below:

APARTMENT MODEL TYPE	APARTMENT NUMBERS
A	219, 221, 223, 224, 225, 226, 228 230, 319, 321, 323, 324, 325, 326, 328, 330, 419, 421, 423, 424, 425, 426, 428, 430, 507, 511, 512, 515, 516, 519, 520, 521, 523, 524, 525, 526, 528, 530, 607, 611, 612, 615, 616, 619, 620, 621, 623, 624, 625, 626, 628, 630, 707, 711, 712, 715, 716, 719, 720, 721, 723, 724, 725, 726, 728, 730, 807, 811, 812, 815, 816, 819, 820, 821, 823, 824, 825, 826, 828, 830, 907, 911, 912, 915, 916, 919, 920, 921, 923, 924, 925, 926, 928, 930, 1007, 1011, 1012, 1015, 1016, 1019, 1020,.1021, 1023, 1024, 1025, 1026, 1028, 1030, 1107, 1111, 1112, 1115, 1116, 1119, 1120, 1121, 1123, 1124, 1125, 1126, 1128, 1130, PH107, PH111, PH112, PH115, PH116, PH119, PH120, PH121, PH123, PH124, PH125, PH126, PH128, PH130

B	305, 306, 405, 406, 505, 506, 605, 606, 705, 706, 805, 806, 905, 906, 1005, 1006, 1105, 1106, PH105, PH106, PH205, PH206
C	227, 327, 427, 527, 627, 727, 827, 927, 1027, 1127, PH127
D	303, 304, 308, 310, 403, 404, 408, 410, 503, 504, 508, 510, 603, 604, 608, 610, 703, 704, 708, 710, 803, 804, 808, 810, 903, 904, 908, 910, 1003, 1004, 1008, 1010, 1103, 1104, 1108, 1110, PH103, PH104, PH108, PH110, PH203, PH204, PH208, PH210
D-1	302, 402, 502, 602, 702, 802, 902, 1002, 1102, PH102, PH202
D-2	301, 401, 501, 601, 701, 801, 901, 1001, 1101, PH101, PH201
E	209, 213, 214, 217, 218, 222, 309, 313, 314, 317, 318, 322, 409, 413, 414, 417, 418, 422
F	207, 211, 212, 215, 216, 220, 307, 311, 312, 315, 316, 320, 407, 411, 412, 415, 416, 420
G	232, 332, 432, 532, 632, 732, 832, 932, 1032, 1132, PH132
H	231, 331, 431, 531, 631, 731, 831, 931, 1031, 1131, PH131
I	229, 329, 429, 529, 629, 729, 829, 929, 1029, 1129, PH129

C. Commercial Apartments. The Residential Building contains two commercial apartments on the third floor. Each commercial apartment consists of one room and is unfurnished. Commercial Apartment 1 is located in the North Wing and has a net floor area of 333 square feet. Commercial Apartment 2 is located in the South Wing and has a net floor area of 647 square feet.

JUL 26 1983

THE FOUNTAIN AT KAANAPALI
DISCLOSURE ABSTRACT

(1) The Project.

NAME:	THE FOUNTAIN AT KAANAPALI
ADDRESS:	Kaanapali Place Kaanapali, Maui, Hawaii
DEVELOPER:	Haseko Hawaii, Inc. Suite 820, HK Building 820 Mililani Street Honolulu, Hawaii 96813 Telephone: (808) 536-3771
PROJECT MANAGER (Managing Agent, tentative only):	Hotel Corporation of the Pacific, Inc. 2299 Kuhio Avenue Honolulu, Hawaii 96815 Telephone: (808) 922-6023

(2) Maintenance Fees:

Attached as Exhibit "1" is a breakdown on the annual maintenance fees for the 304 residential apartments and 2 commercial apartments prepared by the Project Manager for the Developer as of July 1, 1983. The maintenance assessments cover the "common expenses" (as defined in the Bylaws of the Association of Apartment Owners). The Bylaws provide special rules for fairly and equitably allocating the expense of utilities and insurance between the residential and commercial apartments.

Because the Association of Apartment Owners will be newly organized and will have no history of operations, Developer can make no assurances regarding the estimated maintenance assessments. In addition, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by Developer, apartment owner delinquencies, and other factors may also cause the maintenance assessments to be greater or lesser than the estimated maintenance assessments. The attached breakdown of the estimated costs for each apartment does not include the buyer's obligations for the payment of real property taxes. The actual amount of real property taxes for each apartment will not be assessed until after construction of the apartments is completed. Estimates of the real property taxes will be provided upon request. In addition, certain common elements of the Project may, at the discretion of the Association of Apartment Owners (acting either through the Board of Directors or Developer), be used for commercial or business purposes, and each apartment owner may be required to pay a fee in order to utilize the services or products offered from such common elements.

(3) Warranties:

Developer agrees to require from the general contractor of the Project a written warranty with respect to any defects in the buyer's Apartment and the common elements

due to faulty materials or workmanship or both which are discovered and reported within the one (1) year warranty period provided for in the Contract between Developer and the General Contractor for construction of the Project. Developer does not promise that the General Contractor will honor his warranty. Developer also will transfer to the buyer any manufacturer's or dealer's warranties covering appliances in the buyer's Apartment. Developer will attempt to mail to the buyer a reminder notice about 90 days before this period expires; however, failure to mail the notice by Developer will not affect the buyer's rights or give the buyer any rights against Developer for defects or otherwise. Developer further agrees without incurring any legal liability, to cooperate with the buyer to try to have all the warranties performed by the General Contractor for which the General Contractor is responsible. This promise to cooperate by Developer is referred to as the buyer's "Limited Warranty" and will continue after the title transfer. THE LIMITED WARRANTY IS GIVEN TO THE BUYER INSTEAD OF ANY WARRANTY OF ANY KIND FROM DEVELOPER, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT AND THE COMMON ELEMENTS. DEVELOPER IS NOT THE MANUFACTURER OR MANUFACTURER'S AGENT FOR ANY OF THE FURNISHINGS OR APPLIANCES IN THE BUYER'S APARTMENT OR THE PROJECT AND DEVELOPER DISCLAIMS (DOES NOT MAKE) ANY EXPRESS OR IMPLIED WARRANTY. DEVELOPER HAS NOT MADE AND WILL NOT BE LEGALLY OBLIGATED FOR, ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE BUYER'S APARTMENT, THE COMMON ELEMENTS, OR ANYTHING INSTALLED IN EITHER.

(4) Residential or Other Use:

All of the 304 Residential Apartments may be used as permanent or temporary residences and for any other purpose permitted by applicable laws and the Declaration and Bylaws. The 2 Commercial Apartments may be used for any purpose permitted by law and the Declaration and Bylaws. Actual apartment usage will be determined by the ultimate apartment purchasers and Developer can give no assurances as to proposed numbers of apartments committed to specific uses. Buyers are referred to the Declaration and Bylaws and the form of Apartment Deed as to further use restrictions. Section 6 of Article V of the Bylaws which contains certain of the use restrictions is attached hereto as Exhibit "2".

(5) Commercial Development:

The Project contains two small Commercial Apartments which are described in Exhibit "B" to the Preliminary Public Report. No intended uses for these Commercial Apartments have yet been determined.

In addition, certain portions of the common elements of the Project may, at the discretion of the Association of Apartment Owners (acting either through the Board of Directors or Developer) be used for commercial and business purposes. It is the current intention of Developer that certain portions of the common elements will be used as

a restaurant/bar facility, a front desk and exercise and health facilities. There is, however, no assurance that such commercial or business uses will in fact occur at the Project.

(6) Spa Expenses and Fees. The breakdown of annual maintenance fees shown on Exhibit "1" attached hereto assumes that certain commercial uses (such as the operation of a restaurant/bar service and beauty, health, fitness and exercise salons and programs) will be made of the common elements of the Project. The expenses of these commercial operations, and the revenues to be derived from such operations, are collectively designated as "Spa Expenses" and "Spa Fees", respectively, in said Exhibit "1". The Developer makes no representations and warranties as to the type and extent of the commercial use to be made of the common elements. The Spa Expenses and Spa Fees shown on said Exhibit "1" are estimates only, and are subject to adjustment depending upon the extent and nature of the commercial use actually made of the common elements, and the type of arrangements made by the Developer or the Board of Directors of the Association with various third-parties for the operation of such commercial uses.

There can be no assurance, and the Developer makes no representation or warranty, that the Spa Fees in the amount shown on said Exhibit "1" will in fact be generated from the commercial uses made of the common elements. The amount of such fees will, to a large degree, depend on the extent and type of commercial use made of the common elements, and the extent to which the goods and services offered from the common elements are purchased and utilized by the apartment owners. To the extent Spa Fees are generated in an amount less than that shown on said Exhibit "1", each apartment owner's share of the common expenses will increase, and each apartment owner will be required to pay higher monthly maintenance fees.

THE FOUNTAIN AT KAANAPALI
ESTIMATED OPERATING RECEIPTS AND EXPENSES

	MONTHLY	ANNUALLY
RECEIPTS:		
Maintenance Fees	$ 90,000	$1,080,000
*Spa Fees	437,500	5,250,000
Total	$527,500	$6,330,000
EXPENSES:		
Utilities		
Electricity	$ 30,000	$ 360,000
Gas	6,500	78,000
Sewer	3,400	40,800
Water	3,500	42,000
Telephone	400	4,800
Television Cable	1,520	18,240
Building		
Air Conditioning	500	6,000
Cleaning Services	2,500	30,000
Cleaning Supplies	200	2,400
Communication	180	2,160
Electric Bulbs	350	4,200
Elevator	2,000	24,000
Grounds	5,500	66,000
Pest Control	580	6,960
Pool/Jacuzzi	800	9,600
Refuse	600	7,200
Repairs & Purchases	1,000	12,000
Security	5,000	60,000
*Spa	437,500	5,250,000
Administration		
Data Processing	750	9,000
Management Fee	2,705	32,460
Salaries Cleaning	4,000	48,000
Salaries Maintenance	5,500	66,000
Salaries Manager	1,800	21,600
Apartment Rent	700	8,400
Payroll Taxes	1,400	16,800
Group Insurance	1,000	12,000
Workmen's Compensation	1,300	15,600
Other		
Automobile	80	960
Insurance	3,225	38,700
Legal & Audit	375	4,500
Office Supplies	400	4,800
Miscellaneous	135	1,620
Travel	100	1,200
Reserve	2,000	24,000
Total	$527,500	$6,330,000

*Spa fees and spa expenses are provided by Developer's outside consultant.

Electricity for common area only, this does not include spa or individual units.

MAINTENANCE FEES:

Apartment Type	Bdrm/Bath	Percentage Common Interest	No. of Units	Monthly Maintenance Fee
A	1/2	.3889	136	$ 350.00
B	1/2	.3536	22	318.00
C	1/1	.2976	11	268.00
D	Studio	.1916	44	173.00
D1	Studio	.1925	11	173.00
D2	Studio	.2072	11	186.00
E	1/1	.2361	18	213.00
F	Studio	.1524	18	137.00
G	2/2	.4894	11	440.00
H	2/2	.5225	11	470.00
I	2/2	.4589	11	413.00
Commercial 1		.0188	1	17.00
Commercial 2		.0391	1	35.00
		100.0	306	$90,010.00

Hotel Corporation of the Pacific, Inc. does hereby certify that the foregoing breakdown of annual maintenance fee and monthly estimated costs for each apartment is based upon generally accepted accounting principles.

HOTEL CORPORATION OF THE PACIFIC, INC.

By: Ruth Shiota 7/1/83
Ruth Shiota
Vice President
Condominium Administration

RS:ln
7/1/83

shall be charged to the Owner of the Apartment or Apartments to which such Limited Common Element is appurtenant as a special assessment constituting a lien on such Owner's Apartment in accordance with Section 4 of Article VI of the Bylaws.

SECTION 5. Alteration of the Project. (a) Additions, alterations, repairs or improvements to the Common Elements of the Project may be made only by or at the direction of the Board of Directors, except as provided for in the Declaration. No Owner may, except with the written permission of the Board of Directors, make any alteration, addition, repair or improvement to any of the Common Elements including, without limitation, Common Elements within, encompassing or adjacent to his Apartment, except that such approval shall not be required for additions, alterations, repairs or improvements required by law.

(b) Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations, repairs or improvements with a total cost of less than Ten Thousand Dollars ($10,000.00), the Board of Directors may proceed with such additions, alterations, repairs or improvements and shall assess the cost thereof as a common expense. Any additions, alterations, repairs or improvements costing in excess of Ten Thousand Dollars ($10,000.00) may be made by the Board of Directors only after obtaining approval by a majority of the Owners.

SECTION 6. Use of Project.

(a) All Apartments of the Project shall be used only for purposes specified in the Declaration.

(b) All Common Elements of the Project shall be used only for their respective purposes as designed. Unless otherwise determined by the Board of Directors, the Common Elements shall be used by Apartment Owners and their guests only while such Owners and guests are in actual residence at the Project.

(c) No Apartment Owner or occupant shall place, store or maintain in the corridors, stairways, walkways, grounds or other common elements of similar nature any furniture, packages or objects of any kind or otherwise obstruct transit through such Common Elements.

(d) Every Apartment Owner and occupant shall at all times keep his Apartment in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the Project.

(e) No Apartment Owner or occupant shall make or place in the Project any building or structure including fences and walls, nor make any additions or alterations to any Common Elements of the Project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications, including detailed

plot plan, prepared by a licensed architect if so required by the Board and also approved by a majority of Apartment Owners (or such larger percentage required by law or the Declaration) including all Owners of Apartments thereby directly affected; provided, however, that the above restriction shall not apply to signs displayed by the Developer for sales purposes prior to the completion of sales of all the Apartments.

(f) No Apartment Owner shall decorate or landscape any entrance of his Apartment or any other portion of the Project except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board.

(g) All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions and amplifiers that may disturb other occupants.

(h) No garments, rugs or other objects shall be hung from the windows or facades of the Project.

(i) No rugs or other objects shall be dusted or shaken from the windows of the Project or cleaned by beating or sweeping on any hallway or exterior part of the Project.

(j) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any Common Elements outside of the disposal facilities provided for such purpose.

(k) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project.

(l) No Apartment Owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, television antenna, machines or air-conditioning units, or other equipment or appurtenances whatsoever on the exterior of the Project or protruding through the walls, windows or roofs thereof.

(m) No Apartment Owner or occupant shall erect, place or maintain any television or other antennas on the Project visible from any point outside of the Project.

(n) Nothing shall be allowed, done or kept in any Apartments or Common Elements of the Project which would overload or impair the floors, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

SECTION 7. Commercial and Business Use of Common Elements. Significant portions of the Common Elements are suitable for business and commercial uses as determined by the Association of Apartment Owners, acting either through the Board of Directors or, until the Board is elected, through the Developer. These areas include, but are not