

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Hawaii Omori Corporation, a Hawaii corporation
Address: 1221 Honoapiilani Highway, Lahaina, Hawaii 96761

Project Name(*): Puunoa Beach Estates
Address: 45 Kai Pali Place, Lahaina, Hawaii 96761

Registration No. 1583 Effective date: November 29, 1999
Expiration date: December 29, 2000

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 government 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. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission. [] No prior reports have been issued. [] This report supersedes all prior public reports. [] This report must be read together with

X SUPPLEMENTARY: (pink) This report updates information contained in the: [X] Preliminary Public Report dated: January 27, 1984 [X] Final Public Report dated: November 23, 1984 [] Supplementary Public Report dated:

And [X] Supersedes all prior public reports. [] Must be read together with [] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892/0197

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last 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: See pages 2A, 2B and 2C.

Supplementary Public Report
Puunoa Beach Estates

Summary of Changes from Earlier Public Reports

This Supplementary Public Report completely supersedes the previous Preliminary and Final Public Reports. Since those Public Reports were issued, a number of changes have occurred which affect the Project:

1. In January 1984, Hawaii Omori Corporation, a Hawaii corporation ("HOC"), as lessor, and Puunoa Partners, a Hawaii registered partnership ("Puunoa Partners"), as lessee, entered into a Master Lease (the "Master Lease"), covering the Project land. Later that year, construction of the Project was completed, and HOC and Puunoa Partners recorded the Declaration of Horizontal Property Regime, Condominium Map and Bylaws for the Project. At that time, Puunoa Partners, as developer, obtained a Preliminary and Final Public Report for the Project, and sold three out of the ten apartments in the Project (Apartments 101, 105 and 201). In connection with those sales, HOC, as lessor, and Puunoa Partners, as grantor, issued Condominium Conveyance Documents to the buyers. One of the three apartments (Apartment 105) was subsequently reconveyed to Puunoa Partners.

Subsequently, HOC and Puunoa Partners terminated the Master Lease and assigned to HOC the Condominium Conveyance Document covering Apartment 105, which was simultaneously cancelled, and Puunoa Partners conveyed all of its interest in the unsold apartments to HOC, so that HOC currently owns in fee simple all of the eight (8) apartments covered by this Supplementary Public Report. As such, HOC is the Developer under this Supplementary Public Report.

2. The Developer recorded a Declaration of Easements, which easements run in favor of the Project land, and are located on, over, across, under and through certain land adjacent to the Project, known as Lot 6 [Tax Map Key No. (2) 4-5-004-051].

The Developer subsequently recorded an Assignment, Amendment and Grant of Easements, which assigned to the Association of Apartment Owners of the Project certain easements, expanded the purpose of one of said easements, and created an additional easement affecting said Lot 6, in favor of the Project land.

Copies of both the Declaration of Easements and the Assignment, Amendment and Grant of Easements, are being submitted to the Real Estate Commission (the "Commission") with this Supplementary Public Report.

3. The Declaration of Horizontal Property Regime for the Project was amended, and a copy of the amendment is being submitted to the Commission with this Supplementary Public Report.

4. House Rules for the Project were adopted on September 18, 1999.

5. The apartments were previously conveyed to buyers in fee simple, with the common elements, including the underlying land, in leasehold, by way of condominium conveyance documents. However, at this time, the Developer has decided to offer the individual apartments as well as the common elements, including the underlying land, for sale in fee simple only. In connection with such sales, a new form of sales contract and a limited warranty apartment deed will be used (see Exhibits B and K). In connection with the resumption of sales, a new escrow agreement will be used (see Exhibit L).

6. The apartments and common elements will be sold in "AS IS" condition "WITH ALL FAULTS", and the Developer will make no warranties with respect to the Project, any apartment or anything installed or contained therein (see Exhibit J).

7. The estimates of current maintenance fees and disbursements have changed since the Final Public Report. Since the inception of the Project, the Developer has been paying the actual costs of operating and maintaining the Project. However, beginning on January 1, 2000, the apartment owners in the Project will be obligated to pay for their respective share of common expenses (see Exhibit "A" attached to the Amended and Restated Disclosure Abstract).

8. The Developer has contributed the sum of ONE HUNDRED NINETY-ONE THOUSAND THREE HUNDRED EIGHTY-FIVE AND NO/100 DOLLARS (\$191,385.00) to the reserve fund for the Association of Apartment Owners of Puunoa Beach Estates. The sales contract and the limited warranty apartment deed forms provide that in consideration of the Developer's contribution of the foregoing sum, the buyer releases the Developer from any continuing or further obligation to the Project.

9. According to a letter dated July 6, 1999, from the County of Maui Department of Planning (a copy of which is attached as Exhibit "B" to the Amended and Restated Disclosure Abstract), despite the discrepancy between the County's recognition that the Project contains 1.229 acres and the Developer's belief that the Project contains 1.129 acres, the buildings in the Project are lawful non-conforming structures which can be rebuilt to their current condition.

10. The Managing Agent is currently Classic Resorts Limited.

11. The Joint Venture Agreement for Puunoa Partners was recorded against the fee simple title to the Project. Since that time, Puunoa Partners has been dissolved. Sometime after this Supplementary Public Report is issued, Puunoa Partners will be terminated and the Joint Venture Agreement will be removed from title.

12. Due to the passage of time, the terms of some documents may become inapplicable in the normal course of events, and some persons originally connected with the Project may have moved or disposed of records, or may be unavailable.

13. The Commission has completely revised the public report format and content.

PROSPECTIVE BUYERS ARE ENCOURAGED TO READ CAREFULLY AND UNDERSTAND THE MATTERS COVERED IN THIS SUPPLEMENTARY PUBLIC REPORT AND THE DOCUMENTS DESCRIBED IN IT, INCLUDING NOT ONLY THE CONTENT OF STATEMENTS MADE, BUT ALSO THE DOCUMENTS AND SOURCES OF INFORMATION TO WHICH REFERENCE IS MADE. PROSPECTIVE BUYERS ARE ALSO ENCOURAGED TO VISIT THE PROJECT AND INSPECT ANY OF THE APARTMENTS THAT ARE FOR SALE AND THE COMMON ELEMENTS OF THE PROJECT, AND TO OBTAIN ANSWERS TO ANY QUESTIONS THAT BUYERS MAY HAVE ABOUT THE PROJECT AND ITS OPERATION.

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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. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and 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 for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is 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 a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Hawaii Omori Corporation Phone: (808) 667-6872
Name
1221 Honoapiilani Highway
Business Address
Lahaina, Hawaii 96761
(Business)

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

Shigemitsu Omori, President/CEO/Treasurer
Yoneko Omori, Vice President
Susumu Nitadori, Executive Vice President
Akio Hinohara, Vice President/Secretary
Harold Mizomi, Assistant Secretary

Real Estate Broker: Whalers Realty Inc. Phone: (808) 661-8777
Name
2435 Kaanapali Parkway, Suite A3
Business Address
Lahaina, Hawaii 96761
(Business)

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 661-8715
Name
505 Front Street, Suite 201
Business Address
Lahaina, Hawaii 96761
(Business)

General Contractor: Hawaiian Dredging & Construction Company Phone: (808) 735-3211
Name
614 Kapahulu Avenue
Business Address
Honolulu, Hawaii 96815
(Business)

Condominium Managing Agent: Classic Resorts Limited Phone: (808) 661-8192
Name
50 Nohea Kai Drive
Business Address
Lahaina, Hawaii 96761
(Business)

Attorney for Developer: Edward R. Brooks Phone: (808) 526-3011
Brooks Tom Porter & Quitiquit
Name
737 Bishop Street, #2700
Business Address
Honolulu, Hawaii 96813
(Business)

**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 18227 Page 763
 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]:

Amendment to Declaration of Horizontal Property Regime of Puunoa Beach Estates dated September 18, 1999, recorded as Document No. 99-156456.

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. 928
 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 matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book 18228 Page 1
 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>Board or Association</u>

* The percentages 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: **See Exhibit A**

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple. See Exhibit B

Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

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

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

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 periods 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 the 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: 45 Kai Pali Place Tax Map Key (TMK): (2) 4-5-004-002
Lahaina, Hawaii 96761

Address TMK is expected to change because _____

Land Area: 1.129 square feet acre(s) Zoning: A-1

Fee Owner: Hawaii Omori Corporation
 Name
1221 Honoapiilani Highway
 Address
Lahaina, Hawaii 96761

Lessor: N/A
 Name
 Address

C. **Buildings and Other Improvements:** See Exhibit C

1.* New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion

2. Number of Buildings: 2 Floors Per Building 2

Exhibit C contains further explanations.

*When Developer's Final Public Report was issued effective date November 23, 1984.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Masonry

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>10</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"/> Commercial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	—	<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

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: See Exhibit D

Number of Occupants: _____

Other: See Exhibit D

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 3 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

See Exhibit E

Total Number of Apartments: 8

*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.

See Exhibit E

Boundaries of Each Apartment: See Exhibit E

Permitted Alterations to Apartments: See Exhibit E

7. Parking Stalls:

Total Parking Stalls: 13

	<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 (for each unit)	<u>8*</u>						<u>8</u>
Guest Unassigned		<u>5</u>					<u>5</u>
Extra for Purchase							
Other:							
Total Covered & Open:	<u>13</u>		<u>0</u>		<u>0</u>		<u>13</u>

Each apartment will have the exclusive use of at least 1 parking stall(s). *
Buyers are encouraged to find out which stall(s) will be available for their use.

*Each apartment has assigned to it a parking stall contained in a garage bearing the same number as the apartment.

- Commercial parking garage permitted in condominium project.
- Exhibit F contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Paddle Tennis Court Trash Chute/Enclosure(s)
- Other: See Exhibit F

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 _____ (Date)

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

N/A

11. 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>	See Amended and Restated Disclosure Abstract
Structures	<u> </u>	<u> X </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 G .

as follows:

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

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit G.

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 H.

as follows:

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 I describes the encumbrances against the title contained in the title report dated October 20, 1999 and issued by Title Guaranty of Hawaii, Incorporated.

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 specified 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 Prior to Conveyance</u>
---------------------	---

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: See Exhibit J

2. Appliances: See Exhibit J

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

The Project was substantially completed on July 30, 1984.

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):

*In accordance with paragraph Q of the Declaration, the Developer had the right until December 31, 1995 to merge the Project with Lot 6 (an adjacent property not part of the Project). This right has lapsed, and the Developer has no reserved rights to add to, merge, or phase the Project.

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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- 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, a lien may be placed on your apartment and the apartment may be 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.

The Amended and Restated Disclosure Abstract

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

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
- Gas*
- Water
- Other _____
- Electricity (Common Elements only _____ Common Elements & Apartments)
- (_____ Common Elements only _____ Common Elements & Apartments)
- Sewer
- Television Cable

*(for pool)

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

Specimen Sales Contract

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

Escrow Agreement dated October 25, 1999

Exhibit L contains a summary of the pertinent provisions of the escrow agreement.

Other _____

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 escrow 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 the 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 Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- 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 _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 1583 filed with the Real Estate Commission on January 27, 1984 and November 23, 1984

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

- YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Megan's Law

On July 1, 1997, a new law (the State's version of "Megan's Law") was enacted in the State of Hawaii requiring sex offenders to register with the Attorney General's office and allowing public access to relevant information regarding sex offenders. The law was named after a seven year old New Jersey girl, raped and killed by a sex offender who had moved into her neighborhood. Under this law, a sex offender must provide certain relevant information including the street name and zip code of the sex offender's current and future residence and place of employment. It is recommended that potential buyers contact the Hawaii Criminal Justice Data Center, weekdays during working hours (8:00 a.m. to 4:30 p.m.) to obtain information about sex offenders in an area(s) which they are interested in purchasing property. There is no charge to inspect the list; however, a small fee per certified record will be charged to obtain the information. The buyer should be cautioned that, because the burden to register is on the sex offender, not all sex offenders will be registered and/or relevant information about them may be missing or incomplete. For further information, contact the Hawaii Criminal Justice Data Center. The information may also be available at one or more designated police stations in each county or through an interactive computer-based system.

Megan's Law does not require the Developer, nor real estate agents to be responsible for obtaining information about sex offenders.

See Exhibit M for additional information not covered above.

D. 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.

HAWAII OMORI CORPORATION

Printed Name of Developer

By: 
Duly Authorized Signatory

10/26/99
Date

Susumu Nitadori, Executive Vice President

Printed Name & Title of Person Signing Above

Distribution:

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

EXHIBIT A
to
Supplementary Condominium Public Report
Puunoa Beach Estates

DEVELOPER'S RESERVED RIGHTS
TO CHANGE CONDOMINIUM DOCUMENTS

Following is a brief summary of certain provisions in the Declaration and the sales contract, as indicated, wherein the Developer has reserved the right to change the condominium documents, including the Declaration, By-Laws, Rules and Regulations ("House Rules") and the Condominium Map:

I. DECLARATION

In paragraph S of the Declaration, the Developer has reserved the following rights:

1. To amend the Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any purchaser of an apartment or any of the persons then owning or leasing any apartment, in order to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the project or any of the apartments, by any institutional lender lending funds on the security of the project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the project or any of the apartments, or by any governmental agency; provided, however, that no such amendment which would change the common interest appurtenant to any apartment or substantially change the design, location or size of an apartment will be made without the consent to such amendment by all persons having an interest in such apartment.

2. Until the sale of the last apartment in the Project, to maintain development facilities and conduct sales of apartments on and at the Project, including, but not limited to, maintaining model apartments, operating a sales office, conducting advertising, placing signs, using parking spaces and erecting lighting in connection with such sales; provided, however, that in exercising such right, the Developer will not, unless otherwise agreed to by the apartment owner affected, interfere with the rights of any apartment owner to the use of, or access to, his apartment or any of the common elements or limited common elements appurtenant thereto.

II. SALES CONTRACT

In paragraph 16 of the Deposit Receipt and Sales Contract the Developer, as Seller, reserves the right to modify all documents related to the Project, including the Declaration, By-Laws, Condominium Map, Limited Warranty Apartment Deed, Rules and Regulations and any exhibits to such documents.

The Developer also reserves the right to make changes to any apartment owned by the Developer; provided, however, that the Developer will not change the purchase price of any apartment which a buyer contracts to purchase so long as the buyer satisfies all requirements under the Sales Contract.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE DECLARATION AND THE SALES CONTRACT RESPECTING THE DEVELOPER'S RESERVED RIGHTS. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS RELATING TO THE DEVELOPER'S RESERVED RIGHTS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT B
to
Supplementary Condominium Public Report
Puunoa Beach Estates

INTEREST TO BE CONVEYED TO BUYERS

The Developer owns all of the eight (8) apartments covered by this Supplementary Public Report in fee simple. The Developer will be issuing Limited Warranty Apartment Deeds to all Buyers of apartments covered by this Supplementary Public Report. Each Limited Warranty Apartment Deed will convey an apartment, together with an undivided percentage interest in the common elements, including the underlying land, in fee simple.

A specimen form of the Limited Warranty Apartment Deed has been filed with the Commission together with this Supplementary Public Report.

EXHIBIT C
to
Supplementary Condominium Public Report
Puunoa Beach Estates

BUILDINGS AND OTHER IMPROVEMENTS

Construction of the Project was substantially completed on July 30, 1984. Therefore, the buildings in the Project are not newly constructed as of the date of this Supplementary Public Report, nor are they being converted to a condominium at this time.

The Project consists of two (2) 2-story buildings, designated as Building One and Building Two, containing a total of ten (10) residential apartments. Building One is a two-story structure with a basement, and a mezzanine floor in Apartment 202, and contains four (4) apartments, two (2) on each floor. Building Two is a two-story structure with a basement, and a mezzanine floor in Apartments 203 and 204, and contains six (6) apartments, three (3) on each floor. In addition, there is a one 1-story pool building which contains separate saunas and restrooms for men and women, appliances, equipment and storage facilities.

All of the buildings are constructed primarily of hollow tile, concrete, masonry and wood.

EXHIBIT D
to
Supplementary Condominium Public Report
Puunoa Beach Estates

SPECIAL USE RESTRICTIONS

The following provisions in the Declaration, By-Laws and House Rules, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. DECLARATION

Pursuant to paragraph E of the Declaration, the apartments are to be used and occupied only as residences by the respective owners, their tenants, families, domestic servants and personal guests, or for such purposes as are permitted by law and approved by the Board of Directors of the Association. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation, any so-called "vacation license", "travel club membership" or "time interval ownership" arrangement, as defined in the Declaration. Other than the foregoing obligations, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all the provisions of the Declaration and By-Laws for the Project; provided, however, that no apartment owner may lease less than the entire apartment.

II. BY-LAWS

Article V, Section 4 of the By-Laws lists a variety of restrictions affecting the use of the apartments and common elements, including, without limitation, restrictions as to the posting of signs on or about the Project; noise; disposal of garbage; uses which may cause an increase in the ordinary premium rates or cancellation or invalidation of any insurance maintained by or for the Association; the storage of furniture, packages or other objects which could obstruct transit through the common elements; the construction or placement in the Project of any building or structure; the installation or maintenance of any television or other antennas in the Project; and the keeping of pets.

III. HOUSE RULES

Section A of the House Rules lists restrictions affecting the apartments, including, without limitation, restrictions regarding signs; noise; deliveries; pets; refuse; lanais; and the conduct of guests.

Section B of the House Rules lists restrictions affecting the common and limited common elements of the Project, including, without limitation, restrictions as to soliciting; storage of surfboards and bicycles; moving; damage to common or limited common elements; Project landscaping; and the recreation area.

Section C of the House Rules lists general restrictions affecting the Project, including, without limitation, restrictions as to the creation of any hazards in the Project and the renting of apartments.

Section D of the House Rules lists restrictions affecting vehicles in the Project, including, without limitation, restrictions as to the movement of vehicles while in the Project; vehicle washing; unauthorized parking; and nuisances.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF CERTAIN USE PROVISIONS STATED IN THE DECLARATION, BY-LAWS AND HOUSE RULES. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE USE RELATED PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT E
to
Supplementary Condominium Public Report
Puunoa Beach Estates

APARTMENT MEASUREMENTS, BOUNDARIES AND ALTERATIONS

	Apartment Number	Floor Plan Type
Building One	102	AR-1
	202	AR-2
Building Two	103	B-1
	104	A-1
	105	B-2
	203	B-4
	204	A-2
	205	B-3

The Type "AR-1" apartment in Building One contains a foyer, a hallway, three bedrooms, three bathrooms, a whirlpool bath, two dressing rooms, two closets, a wardrobe closet, a living room, a kitchen, a dining room, a breakfast nook, a utility room, a pantry, a wetbar, and a lanai, containing a living area of 2,187 square feet and lanai area of 433 square feet.

The Type "AR-2" apartment in Building One is similar to the Type "AR-1" apartment, except for the mezzanine floor contained therein, and will contain a foyer, a hallway, four bedrooms, four bathrooms, a whirlpool bath, two dressing rooms, three closets, a wardrobe closet, a living room, a kitchen, a dining room, a breakfast nook, a utility room, a pantry, a wetbar and a lanai, containing a living area of 2,502 square feet and lanai area of 395 square feet.

The Type "A-1" apartment in Building Two is similar to the type "AR-1" apartment, except for a reverse floor plan, and contains a foyer, a hallway, three bedrooms, three bathrooms, a whirlpool bath, two dressing rooms, two closets, a wardrobe closet, a living room, a kitchen, a dining room, a breakfast nook, a utility room, a pantry, a wetbar, and a lanai, containing a living area of 2,191 square feet and lanai area of 428 square feet.

The Type "A-2" apartment in Building Two is similar to the Type "A-1" apartment, except for the mezzanine floor contained therein, and contains a foyer, a hallway, four bedrooms, four bathrooms, a whirlpool bath, two dressing rooms, three closets, a wardrobe closet, a living room, a kitchen, a

dining room, a breakfast nook, a utility room, a pantry, a wetbar, and a lanai, containing a living area of 2,492 square feet and lanai area of 392 square feet.

The Type "B-1", Type "B-2", and Type "B-3" apartments in Building Two are basically the same except for the size of the interior area and lanai areas, and are similar to the Type "BR-1" apartment, except for a reverse floor plan, and they contain a foyer, a hallway, two bedrooms, two bathrooms, a whirlpool bath, a dressing room, a closet, a wardrobe closet, a living room, a kitchen, a dining room, a breakfast nook, a utility room, a pantry, a wetbar, and three lanais. The Type B-1 apartment contains a living area of 1,740 square feet and lanai areas totalling 377 square feet, the Type B-2 apartment contains a living area of 1,740 square feet and lanai areas totalling 386 square feet, and the Type B-3 apartment contains a living area of 1,738 square feet and lanai areas totalling 362 square feet.

The Type "B-4" apartment in Building Two is similar to the Type "B-1" apartment except for the mezzanine floor contained therein, and contains a foyer, a hallway, three bedrooms, three bathrooms, a whirlpool bath, a dressing room, two closets, a wardrobe closet, a living room, a kitchen, a dining room, a breakfast nook, a utility room, a pantry, a wetbar, and three lanais, containing a living area of 2,103 square feet and lanai areas totalling 359 square feet.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as provided in the Declaration. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, the lanai air space (if any), and all fixtures originally installed therein, including garbage disposal, trash compactor, microwave/convection oven, range, range hood, washer/dryer, dishwasher, refrigerator/freezer, under counter refrigerator, water heater, whirlpool bath, carpets, drapes and window shades. **However, the apartments are being sold with all furnishings, appliances and fixtures, if any, located in the apartments, and the Developer does not make any representations as to whether there are any furnishings, appliances and fixtures located in the apartments or what condition they may be in.**

Section N of the Declaration prohibits any owner from making any addition or alteration to his apartment without the

prior written consent of the Board and all other apartment owners
directly affected.

EXHIBIT F
to
Supplementary Condominium Public Report
Puunoa Beach Estates

PARKING AND RECREATIONAL FACILITIES

I. PARKING

Each of the eight (8) apartments covered by this Supplementary Public Report has appurtenant to such apartment as a limited common element one (1) automobile parking garage, which bears the same number as the apartment. In addition, there are five (5) guest parking stalls.

The Condominium Property Act (Chapter 514A, Hawaii Revised Statutes) provides that owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the Declaration and the respective apartment deeds or condominium conveyance documents involved, which said amendment need only be signed and approved by the owners of the apartments whose parking stalls are being changed, their respective mortgagees, if any, and the condominium conveyance document lessor, if applicable.

The House Rules contain specific provisions concerning vehicles and parking, which owners should thoroughly understand. The provisions cover restrictions relating to, without limitation, vehicle registration by residents with the Managing Agent or Resident Manager, vehicle washing, speeding, and unauthorized parking. Nuisances created by repairs, noise and improper or unsafe vehicle operating conditions are prohibited. Owners will be held responsible for violations of parking rules by their families, renters and guests.

II. RECREATIONAL FACILITIES

Recreational facilities include a paddle tennis court, swimming pool, hydrotherapy spa, shower column, water fountain, barbecue grills, and pool building containing separate saunas and restrooms for men and women, appliances, equipment and storage facilities.

The House Rules contain specific provisions concerning use of the recreational facilities.

EXHIBIT G
to
Supplementary Condominium Public Report
Puunoa Beach Estates

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph A.2 of the Declaration describes the common elements as all portions of the project other than the apartments, including, but not limited to, the following:

1. The leasehold interest in the land described in Exhibit "A" to the Declaration.
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surface within each apartment), roofs, entries, stair wells and stairs, walkways serving more than one apartment, entrances and exits of the buildings.
3. All yards, grounds, landscaping and refuse areas.
4. All driveways, ramps and 5 guest parking stalls for cars.
5. All pipes, conduits, ducts, electrical equipment, wiring, condensers and other air conditioning equipment located or to be located in the common areas which are connected or to be connected to air conditioning units installed or to be installed in each apartment, and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, air conditioning, water, sewer, telephone and television signal distribution (including television cables), if any.
6. Recreation area which includes a swimming pool, hydrotherapy spa, shower column, water fountain, barbecue grills, and pool building containing separate saunas and restrooms for men and women, appliances, equipment and storage facilities.
7. Paddle tennis court.
8. Electrical and mechanical rooms, janitor and storage areas as designated on Condominium Map.
9. Solar collectors of the solar hot water system and skylights.

10. Any and all other apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

II. LIMITED COMMON ELEMENTS

Paragraph A.3 of the Declaration describes the limited common elements as certain parts of the common elements which are designated and set aside for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. One (1) automobile parking garage and storage space shall be a limited common element appurtenant to each apartment and shall be for the exclusive use of said apartment. The particular parking garage and storage space appurtenant to each apartment is set forth in Exhibit "D" to the Declaration.

2. One (1) mailbox located in the pool building shall be a limited common element appurtenant to and for the exclusive use of each apartment. Each mailbox shall have the same number as the apartment to which it is appurtenant.

3. The hot water tank, circulation pump and control system serving an apartment or apartments shall be appurtenant to and for the exclusive use of such apartment or apartments which it serves.

4. Each exterior entry walkway serving only one apartment, all exterior doors and all windows adjoining and serving an apartment or apartments shall be appurtenant to and for the exclusive use of such apartment or apartments which it serves.

5. The condenser and other air conditioning equipment located or to be located in the common areas which are connected or to be connected to the air conditioning unit installed or to be installed in an apartment or apartments, shall be appurtenant to and for the exclusive use of such apartment or apartments which they serve.

EXHIBIT H
to
Supplementary Condominium Public Report
Puunoa Beach Estates

COMMON INTEREST

	Apartment Number	Common Interest
Building One	102	10.885
	202	12.035
Building Two	103	8.795
	104	10.875
	105	8.835
	203	10.225
	204	11.985
	205	8.725

EXHIBIT I
to
Supplementary Condominium Public Report
Puunoa Beach Estates

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

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

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deeds dated October 11, 1967, recorded in Liber 5830 at Page 236, dated June 12, 1970, recorded in Liber 7053 at Page 27.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement of Joint Venture dated October 3, 1978, recorded in Liber 13282 at Page 99, made by and between Hawaii Omori Corporation, a Hawaii corporation, and Maui Mining and Manufacturing Corporation, a Hawaii corporation, as amended.

5. Grant in favor of Maui Electric Company, Inc. and Hawaiian Telephone Company, dated November 14, 1983, recorded in Liber 17525 at Page 65; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and underground power lines, for the transmission of electricity, over and under a portion of the land described herein.

6. Grant in favor of the County of Maui, dated February 21, 1984, recorded in Liber 17839 at Page 221; granting a nonexclusive easement to construct, reconstruct, maintain, operate, repair and remove a water pipeline or pipelines, etc. over and across a portion of the land described herein, said easement being designated as Easement "B" containing an area of 1,138 square feet, more or less, and being more fully described therein as per survey of Robert T. Tanaka, Registered Professional Surveyor, dated January 3, 1984.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Declaration of Horizontal Property Regime of Puunoa Beach Estates dated October 18, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18227 at Page 763, as amended by Amendment to Declaration of Horizontal Property Regime of Puunoa Beach Estates dated September 18, 1999, recorded as

Document No. 99-156456 (Condominium Map No. 928 recorded in said Bureau, and any amendments thereto).

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners of Puunoa Beach Estates dated October 18, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18228 at Page 1.

9. Unrecorded Decision and Order dated September 20, 1982, issued by the Maui County Planning Commission, State of Hawaii, in the matter of the Application of Puunoa Partners of a Special Management Area Permit to Develop a Residential Condominium Project on Parcels Designated as TMK 4-5-04:2 and 4-5-04:51 at Puunoa, Lahaina, Maui, Hawaii, same being 82/SMA-10.

10. Any unrecorded leases and matters arising from or affecting the same.

11. For real property taxes due and payable, refer to Director of Finance, County of Maui.

GENERAL NOTE

1. There is hereby omitted from any covenants, conditions and reservations contained herein any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

EXHIBIT J
to
Supplementary Condominium Public Report
Puunoa Beach Estates

CONSTRUCTION WARRANTIES

The warranties covering the original construction of the Project and the appliances installed in the apartments, may no longer be in effect. Prospective Buyers who are interested in determining whether such warranties have expired or are limited, should review the applicable documents or have them reviewed by an expert of Buyer's choice (at Buyer's cost).

For information regarding any subsequent work of repair or improvement in the Project, and any applicable warranties, prospective Buyers should inquire with the Managing Agent.

The Developer has not evaluated any of the warranties which are applicable to the Project, nor any of the laws relating to such warranties, such as statutes of limitation. The effect of such laws and the evaluation of such warranties are complex and subject to interpretation and court rulings. The statements in this Exhibit are made solely for informational purposes and do not represent any legal position or conclusion of the Developer.

Paragraph 7 of the Deposit Receipt and Sales Contract used in connection with the Project provides that the Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that the Seller will not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under the Contract.

Paragraph 8 of the Contract provides that the Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" with "ALL FAULTS", and the Seller will not be liable to the Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer. Paragraph 8 also provides that the Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity,

pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. The Buyer acknowledges that in light of the age of the buildings in the Project, there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer should have the apartment and the Project inspected to determine the extent of such contamination and any necessary remedial action. Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

THIS EXHIBIT CONTAINS ONLY A SUMMARY OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE SALES CONTRACT DESCRIBED HEREIN. BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE SALES CONTRACT.

EXHIBIT K
to
Supplementary Condominium Public Report
Puunoa Beach Estates

SUMMARY OF PERTINENT SALES CONTRACT PROVISIONS

The Developer has filed a specimen Puunoa Beach Estates Deposit Receipt and Sales Contract (Fee Simple) with the Commission together with this Supplementary Public Report. The pertinent provisions are summarized below (all capitalized terms are defined in said Contract):

Seller's Cancellation Rights. Paragraph 5 provides that in addition to any other rights of cancellation reserved to Seller, if Buyer's deposit check is returned for insufficient funds, Seller reserves the right to return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of the Contract. Until then the Contract remains in full force and effect. If Buyer should die or become incapacitated, bankrupt or insolvent prior to closing, then either Buyer or Seller shall have the right to cancel the Contract, whereupon Seller will return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of the Contract. Until either party chooses to cancel the Contract under those terms, it remains in full force and effect.

Condominium Documents. Paragraph 6 provides that the Buyer will examine (or waive such examination), and will approve prior to closing, the form of the Limited Warranty Apartment Deed, the Declaration, the By-Laws, the Amended and Restated Disclosure Abstract, the House Rules, the Condominium Escrow Agreement, the Supplementary Public Report issued for the Project, and all amendments to such documents, true copies of these documents being on file in the office of the Commission, together with the current and/or proposed Association budget, the approved or unapproved minutes of the last annual meeting of the Association, the Association's current financial statement, the approved or unapproved minutes of the last three (3) Board of Directors' meetings (if any), all approved or unapproved minutes issued between the date the Contract is signed and the Closing Date (if any), and a copy of all pending litigation complaints (if any) filed by or against the Association and/or its directors that are currently unresolved. Buyer will acknowledge that the first meetings of the Association and the Board of Directors were held on September 18, 1999, and that

Buyer will examine (or waive such examination) and will approve prior to closing, the minutes of said meetings (whether approved or unapproved by the Association or the Board of Directors, as the case may be). Buyer will further acknowledge that because all unapproved minutes are subject to change, they are being given to Buyer for informational purposes only, and therefore cannot be relied upon by Buyer until they have been approved. The foregoing documents will be sent to Buyer or will be made available for Buyer's examination prior to closing, and the foregoing acknowledgments and agreements by Buyer will be contained in the Limited Warranty Apartment Deed. In addition, the Limited Warranty Apartment Deed will contain certain limited warranties by the Seller that it has good right to sell the Apartment to the Buyer and that the Seller has not allowed any encumbrances to be placed against the Apartment other than those encumbrances described therein.

Apartment Being Sold "AS IS" With "ALL FAULTS".

Paragraph 7 provides that the Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that the Seller will not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under the Contract.

Seller's Disclaimer of Warranties.

Paragraph 8 provides that the Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" with "ALL FAULTS", and the Seller will not be liable to the Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer. Paragraph 8 also provides that the Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and

any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. The Buyer acknowledges that in light of the age of the buildings in the Project, there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer should have the apartment and the Project inspected to determine the extent of such contamination and any necessary remedial action. Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

Buyer's Right to Rescind. Paragraph 17 provides that if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) Buyer's Apartment or (2) those amenities of the Project available for Buyer's use, Buyer will have the right to rescind the sale and to receive a refund of any monies paid. Buyer's right of rescission, however, will be waived upon satisfaction of certain conditions contained in paragraph 17.

Default. Paragraph 18 provides in part that if Buyer defaults in any payment when required or fails to perform any other obligations required of Buyer and fails to cure such default within ten (10) days after receipt of written notice thereof from Seller, then Seller may, at Seller's option, terminate the Contract, and the sums paid by Buyer prior to such default shall belong to Seller as liquidated damages. In addition, Buyer shall pay all fees for the preparation of documents in connection with Buyer's proposed purchase of the Apartment.

Paragraph 18 also provides that if Seller defaults in the performance of any of Seller's obligations, then Buyer will be entitled to specific performance of the Contract or Buyer will have the right to cancel the Contract. In the event of such cancellation, the Seller must repay to Buyer all sums paid by Buyer to Seller or Escrow Agent, and, in addition, Seller must pay Buyer \$100.00 as liquidated damages for Seller's default.

Pre-paid Items. Paragraph 20 provides that Buyer will be required to prepay: (a) maintenance fees for a period up to one (1) month (provided, however, that

Seller will be paying the actual operating expenses of the Project up to and including December 31, 1999, and maintenance fees will be assessed against all apartment owners beginning January 1, 2000), (b) real property taxes for a period up to six (6) months, and (c) insurance premiums to the extent required by any first mortgage lender. Real property taxes and maintenance fees shall be prorated as of the Closing Date or the date of actual possession, whichever sooner occurs. Buyer understands and agrees that all of the foregoing amounts to be paid by Buyer are in addition to, and are not part of the total purchase price for the Apartment, and are nonrefundable, nontransferable and nonreimbursable to Buyer.

THIS EXHIBIT CONTAINS ONLY A SUMMARY OF CERTAIN PERTINENT PROVISIONS CONTAINED IN THE SALES CONTRACT DESCRIBED HEREIN. BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS IN THEIR ENTIRETY CONTAINED IN THE SALES CONTRACT.

EXHIBIT L
to
Supplementary Condominium Public Report
Puunoa Beach Estates

SUMMARY OF PERTINENT ESCROW AGREEMENT PROVISIONS

The Condominium Escrow Agreement (the "Escrow Agreement"), executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and the Developer, as Owner, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

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

(b) Owner shall have notified Escrow of Owner'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 Owner; or

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

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended; or

(e) Owner and purchaser shall have requested Escrow in writing and any one of the following events has occurred, as it relates to the owner-occupant provisions of Hawaii Revised Statutes Section 514A, Part VI:

(i) no sales contract has been offered to the purchaser who has been placed on the Owner's reservation list of owner-occupant applicants; or

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his apartment within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Owner is limited to selling to owner-occupants; or

(iii) the purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(iv) the purchaser indicates an intent not to become an owner-occupant of such apartment.

No disbursement of purchasers' funds held in escrow shall be made unless and until the apartment deed relating to the disbursements has been recorded.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE ESCROW AGREEMENTS. PROSPECTIVE BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE ESCROW AGREEMENT WHICH COVERS BUYER'S APARTMENT.

EXHIBIT M
to
Supplementary Condominium Public Report
Puunoa Beach Estates

ADDITIONAL INFORMATION NOT COVERED ABOVE

1. Developer is Apartment Owner. As of the date of issuance of this Supplementary Public Report, the Developer owns 8 apartments in the Project representing an aggregate of 82.36% out of the total Project common interest of one hundred percent (100%). Such percentage will decrease as the Developer sells apartments and may be less than the stated percentage when a Buyer purchases an apartment. The votes attributable to the Developer's unsold apartments may be exercised by the Developer.

PROSPECTIVE BUYERS SHOULD NOTE THAT THE DEVELOPER HAS BEEN ADMINISTERING THE PROJECT BEFORE ISSUANCE OF THIS SUPPLEMENTARY PUBLIC REPORT, AND THE ASSOCIATION HAS NOT OPERATED ON ITS OWN SINCE THE PROJECT'S INCEPTION. THE FIRST MEETING OF THE ASSOCIATION WAS HELD ON SEPTEMBER 18, 1999, AND A DRAFT OF THE UNAPPROVED MINUTES OF THAT MEETING ARE AVAILABLE AT THE MANAGING AGENT'S OFFICE.

2. Reserves. Effective January 1, 1993, Hawaii law requires condominium associations to meet certain financial reserve requirements. The law aims to help ensure availability of funds for a condominium association's upkeep, repair, or replacement of parts of the Project property the association is obligated to maintain, such as roofs, walls, decks, paving, and equipment. These requirements are stated in the condominium act, Chapter 514A Hawaii Revised Statutes. Each apartment owner has an undivided interest equal to the owner's percentage common interest in the Project's reserve fund. Apartment owners do not receive any reimbursement for their shares of the reserves upon selling or otherwise disposing of their apartments, and such reserves remain in the Association's name and account.

3. Floods and Tsunamis. Prospective buyers should be aware that the Project is subject to possible tsunami (tidal wave) and flood inundation.

4. SMA Permit. The Project was constructed within the County of Maui shoreline Special Management Area, pursuant to a Special Management Area Permit issued by the County (as amended), which states that it is valid for the life of the improvements and may be extended for good cause.

5. Disabilities Laws. There are both federal and Hawaii laws aimed at protecting persons with "handicapped status". Federal laws include the "Americans with Disabilities Act" and portions of the "Fair Housing Act". The Hawaii law is in Section 515-3 of the Hawaii Revised Statutes. The Developer

does not make any representation or warranty about whether the Project or apartments for sale are affected by or comply with such laws. PROSPECTIVE BUYERS SHOULD CONSULT WITH THEIR OWN ADVISERS TO DETERMINE IF THE PROJECT OR ANY PARTICULAR APARTMENT IS SUITABLE FOR THE BUYER.

EXHIBIT N
to
Supplementary Condominium Public Report
Puunoa Beach Estates

AMENDED AND RESTATED
DISCLOSURE ABSTRACT

1. Project: Puunoa Beach Estates
45 Kai Pali Place
Lahaina, Hawaii 96761
2. Developer: Hawaii Omori Corporation
1221 Honoapiilani Highway
Lahaina, Hawaii 96761
(808) 667-6872
3. Managing Agent: Classic Resorts Limited
50 Nohea Kai Drive
Lahaina, Hawaii 96761

4. Maintenance Fees: Since the inception of the Project, the Developer has been paying the actual costs of operating and maintaining the Project. However, beginning on January 1, 2000, the apartment owners in the Project will be obligated to pay for their respective share of common expenses.

The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein. The Developer also discloses that a reserve study was done in accordance with Hawaii Revised Statutes Section 514A-83.6 and the Hawaii Administrative Rules, Chapter 107, in arriving at the estimate of reserve funds necessary to maintain the Project, which is contained in Exhibit "A".

5. Warranties: The Project was constructed in 1984. The Project, the apartments and anything installed or contained therein are being sold in "AS IS" condition "WITH ALL FAULTS" by the Developer, without any warranties whatsoever, express or implied. Paragraphs 7 and 8 of the Deposit Receipt and Sales Contract used in connection with the Project provide as follows:

"7. APARTMENT BEING SOLD "AS IS" WITH "ALL FAULTS". The Apartment and the Project are now being sold in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartment or anything installed or contained therein. The existence of any defect in the Project, the Apartment or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Contract.

8. SELLER'S DISCLAIMER OF WARRANTIES.

(a) No Warranties of Seller. Buyer understands and agrees that Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartment or anything installed or contained therein. Each apartment will be deemed to be sold "AS IS" with "ALL FAULTS". Without limiting the generality of the foregoing, Seller will not be liable to Buyer for any construction or other defects (including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein) or for any other aspects of the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects or other matters later discovered by Buyer. Buyer should have the Apartment and the Project inspected to Buyer's satisfaction.

(b) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous

materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that in light of the age of the buildings in the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of asbestos and other hazardous substances, Buyer should have the apartments and the Project inspected to determine the extent of such contamination and any necessary remedial action. Seller will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered."

6. Number of Apartments; Permitted Use. The Project contains ten (10) apartments, all of which are intended for residential use. There is no commercial development in the Project.

Each apartment shall be occupied and used only as residences by the respective owners thereof, their tenants, families, domestic servants and personal guests or for such purposes as are permitted by law and approved by the Board of Directors of the Association. Neither the apartment nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation, any so-called "vacation license", "travel club membership" or "time interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project, rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise. Other than the foregoing obligations, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all the provisions of the Declaration and By-Laws for the Project; provided, however, that no apartment owner may lease less than the entire apartment.

7. Discrepancy in Project Acreage. According to a letter dated July 6, 1999, from the County of Maui Department of Planning (a copy of which is attached hereto as Exhibit "B" and made a part hereof), despite the discrepancy between the County's

recognition that the Project contains 1.229 acres and the Developer's belief that the Project contains 1.129 acres, the buildings in the Project are lawful non-conforming structures which can be rebuilt to their current condition. Developer does not give any assurances that the apartments can be expanded or that variances are obtainable from the County of Maui for any future improvements.

Dated: Lahaina, Hawaii, October 26, 1999.

HAWAII OMORI CORPORATION, a
Hawaii corporation

By 
Its Executive Vice President

By 
Its Vice President

Developer

EXHIBIT "A"

**Association of Apartment Owners of Puunoa Beach Estates
Budget Calendar Year 2000**

INCOME	Monthly	Annual
<hr/>		
Fees Operating	10,979	131,745
<hr/>		
EXPENDITURES		
<hr/>		
Utilities		
<hr/>		
Electricity	776	9,310
Gas	821	9,850
Refuse	233	2,800
Cable	275	3,300
Water/Sewer	1,317	15,800
Telephone	50	600
<hr/>		
Total Utilities	3,472	41,660
<hr/>		
Repairs and Maintenance		
<hr/>		
Maintenance Labor	50	600
Cleaning Labor	217	2,600
Building Maintenance	100	1,200
Building Supplies	25	300
Pest Control	144	1,725
Pool Chemicals	172	2,060
Pool Cleaning & Maint Labor	1,641	19,700
Paddle Courts	33	400
Paddle Courts Cleaning	217	2,600
Window Cleaning	275	3,300
Landscaping Grounds	1,666	20,000
Unplanned Landscaping Rcpairs	100	1,200
<hr/>		
Total Repairs and Maintenance	4,640	55,685
<hr/>		
General and Administrative		
<hr/>		
Audit/Tax Fees	167	2,000
Insurance	2,300	27,600
Legal	50	600
Office Supplies	50	600
Fees and Registration	50	600
CRL Management Fee	250	3,000
<hr/>		
Total General and Administrative	2,867	34,400
<hr/>		

TOTAL EXPENDITURES	10,979	131,745
Net Operating Surplus (deficit)	0	0

Summary of Fees

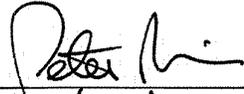
Fees - Operating	10,979	131,745
Fees - Working Capital	417	5,000
Fees - Reserve	2,272	27,270
Total Maintenance Fees	13,668	164,015

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

Estimate of Current Maintenance Fees

	Common Interest	Unit	Monthly Fee	X 12 Months	Yearly Total
Building One	8.8750%	101	1,213.02	12	14,556.24
	10.8850%	102	1,487.75	12	17,853.00
	8.7650%	201	1,197.99	12	14,375.88
	12.0350%	202	1,644.94	12	19,739.28
Building Two	8.7950%	103	1,202.10	12	14,425.20
	10.8750%	104	1,486.38	12	17,836.56
	8.8350%	105	1,207.57	12	14,490.84
	10.2250%	203	1,397.54	12	16,770.48
	11.9850%	204	1,638.10	12	19,657.20
	8.7250%	205	1,192.53	12	14,310.36
	100.00%		13,667.92		164,015.04

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

By 
 Its Executive Vice President

Date: September 18, 1999

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

EXHIBIT "B"

JAMES "KIMO" APANA
Mayor

JOHN E. MIN
Director

CLAYTON I. YOSHIDA
Deputy Director



COUNTY OF MAUI
DEPARTMENT OF PLANNING

July 6, 1999

Mr. Susumu Nitadori, Executive Vice-President
Hawaii Omori Corporation
P. O. Box 1570
Lahaina, Hawaii 96761

Dear Mr. Nitadori:

**RE: PUUNOA BEACH ESTATES, LAHAINA, MAUI, HAWAII,
TMK: 4-5-04:02**

This is in response to your request during our meeting on May 27, 1999, for a written opinion regarding the following:

1. Whether structures within Puunoa Beach Estates Condominium Project are nonconforming structures; and
2. Whether structures within Puunoa Beach Estates can be rebuilt to their former condition if said structures are destroyed by accidental means including destruction by fire, other calamity or natural disaster.

It is our understanding that Puunoa Beach Estates received Building Permits and Certificates of Occupancy certifying its compliance with all applicable codes, rules, and ordinances at the time of its construction.

You also represented that by Declaration of Horizontal Property Regime (Declaration) of Puunoa Beach Estates dated October 14, 1984, Hawaii Omori Corporation submitted the subject property as a horizontal property regime pursuant to Hawaii Revised Statutes, Chapter 514A. Puunoa Beach Estates is a condominium project consisting of ten (10) condominium apartments.

Further, that in the process of updating the condominium documents with the Real Estate Commission, Hawaii Omori Corporation noted that, notwithstanding the County of Maui's recognition that the subject property has an area of 1.229 acres, the

Mr. Susumu Nitadori, Executive Vice-President

July 6, 1999

Page 2

Declaration indicated that the area of the subject property was 1.129 acres. As a result, the density requirements as provided in the Maui County Code, may not be met with an area of 1.129 acres.

The Comprehensive Zoning Ordinance (CZO) defines a nonconforming building or structure as that which was previously lawful but which does not now comply with current regulations. Furthermore, the CZO provides that a conforming use which contains multi-family dwelling units owned by owners under the authority of Hawaii Revised Statutes, Chapter 514A, which suffers destruction by fire, other calamity, or natural disaster, may be restored to their former condition; provided, that such restoration is permitted by the building code and flood hazard regulations and is started within two years of its destruction.

Based on the previously stated reasons, we find that the subject buildings are lawful nonconforming structures and can be rebuilt to their former condition pursuant to Maui County Code, Section 19.500.110(B)(1)(a).

If you have any further questions, please contact Mr. Aaron Shinmoto, Planning Program Administrator, of this office at 270-7253.

Very truly yours,



JOHN E. MIN
Planning Director

AHS:cmp

xc: Clayton Yoshida, AICP, Deputy Planning Director
99/ZAED File s:\zoning\reply\99reply\puunoa.ahs