REAL ESTATE COMMISSION
STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
1010 Richards Street
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

THE MASTERS AT KAANAPALI HILLSIDE, PHASE B
50 Puu Anoano Street, Kaanapali Hillside
Kaanapali, Maui, Hawaii

Registration No. 1894

Issued: August 8, 1988
Expires: September 8, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 22, 19 88 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

____ PRELIMINARY: (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 when complete information is filed.

__x__ FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[x] Supersedes all prior public reports
[ ] Must be read together with _____

____ SUPPLEMENTARY: (pink) Updates information contained in the
[ ] Prelim. Public Report dated _____
[ ] Final Public Report dated _____
[ ] Supp. Public Report dated _____

And [ ] Supersedes all prior public reports
[ ] Must be read together with _____

[ ] This report reactivates the _____ public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required [x] Not Required -- disclosures covered in this report.

FORM: RECO-30 286/986-250W, 150Y, 50P

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.

The condominium documents have been recorded; House Rules have been adopted by the developer. Construction commenced on March 10, 1988. The estimated date of completion of construction is January 3, 1989.

Item III.C.5, Special Use Restrictions, on page 11 of the Preliminary Public Report has been revised as to the number of occupants permitted in each apartment, i.e., "bedrooms" includes rooms/spaces designated as "loft" or "family room" in Exhibit C to the Declaration of Horizontal Property Regime or in the Condominium Map. Hence, a Type "E" apartment, which has a family room and a loft, will be treated as a five-bedroom apartment, and thus allowing more occupants in such apartment. Page 1 of Exhibit A to this Final Public Report also indicates whether each apartment has a family room and/or loft.

Item III.C.8, Recreational and Other Common Facilities, on page 12 of the Preliminary Public Report has been corrected to delete the tennis court. No tennis court is included in Phase B. However, the Developer's intention is to merge Phases A and B and thus the recreation building and facilities, i.e., swimming pool, jacuzzi, and two tennis courts, can be used by owners of both Phases A and B after the merger.

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Managing Agent
Attorney for Developer

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GE. . .AL INFORMATION ON CONDOMI.-JMS

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

(cite to appropriate pages in text of report)

Interest to be Conveyed to Buyer:

Individual apartment and an undivided common interest in the land in fee simple.

Type of Project:

1. [x] New Building(s) [ ] Conversion
   [ ] Both New Building(s) and Conversion
2. [x] Residential [ ] Commercial
   [ ] Mixed Residential and Commercial
   [ ] Other _____
3. [ ] High Rise (5 stories or more) [x] Low Rise
4. [ ] Single or [x] Multiple Buildings
5. Apartment Description See attached Exhibit A.

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio

Total Apartments: 29

*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.

6. Parking:

	Number of Stalls
Assigned Stalls (Individual Units)	32
Guest Stalls	16
Unassigned Stalls	
Extra Stalls Available for Purchase	
Other: _____	
Total Parking Stalls	48

7. Recreational amenities:

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Ohbayashi Hawaii Corporation
Name
Pacific Tower, 1001 Bishop St., Suite 2680
Business Address
Honolulu, Hawaii 96813
Phone: 524-5163 (Business)

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

Toshiharu Hino	President
Norihide Okazaki	Vice President
Eiichi Iwasaki	Secretary-Treasurer

Real Estate Sales Agent: Chaney, Brooks & Company
Name
606 Coral Street, P. O. Box 212
Business Address
Honolulu, Hawaii 96810
Phone: 667-9575 (Lahaina site) 667-2261 (Business)

Escrow: Bank of Hawaii
Name
Financial Plaza of the Pacific
Business Address
Honolulu, Hawaii 96813
Phone: 537-8111 (Business)

Managing Agent: Chaney, Brooks & Company
Name
606 Coral Street, P. O. Box 212
Business Address
Honolulu, Hawaii 96810
Phone: 544-1600 (Business)

Attorney for Developer: Tanaka & Kawata, Attorneys At Law
A Law Corporation
Name
333 Queen Street, Suite 600
Business Address
Honolulu, Hawaii 96813

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 Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

A. Declaration of Horizontal 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
[X] Recorded – Bureau of Conveyances – Book 21950 Page 576
[ ] Filed – Land Court – Document Number _____

Amendment date(s) and recording/filing information:

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
[X] Recorded – Bureau of Conveyance Condo Map No. 1126
[ ] Filed – Land Court Condo Map No. _____

Amendment date(s) 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 way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded – Bureau of Conveyances – Book 21950 Page 612
[ ] Filed – Land Court – Document Number _____

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

The House Rules for this condominium are:
[ ] Proposed [X] 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 apartment owners who must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	–	None*

*House Rules amended by majority vote of Board of Directors.
The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

Developer reserves the right to amend the Declaration (including any Exhibits attached to the Declaration), the By-Laws and Condominium Map in any manner for any apartment which has not yet been conveyed. Developer also reserves the right to file the "as-built" certificate required by Section 514A-12, Hawaii Revised Statutes, including a verified statement of a registered architect or professional engineer and also to make any changes to the documents necessary in connection with the merger of this project as set forth in Exhibit H.

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[x] Fee Simple: Individual apartments and the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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.

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.

[ ] Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The 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; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations.

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:

For Subleaseholds:

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

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

B. Underlying Land:

Address: ~~50 Puu Anoano Street~~ Kaanapali, Maui, Hawaii

Tax Map Key: (TMK) ~~4-4-06-34 (portion)~~

[ ] Address [x] TMK is expected to change because portion of lands proposed for Phase B has been approved for subdivision by the County of Maui on November 24, 1987.

Land Area: 5.404 [ ] square feet [x] acre(s)

Zoning: Residential (Planned Development)

Fee Owner: Ohbayashi Hawaii Corporation
name
Pacific Tower, Suite 2680, 1001 Bishop St.
address
Honolulu, Hawaii 96813

Lessor: _____
name

_____
address

_____

C. Buildings and Other Improvements:

1. [x] New Building(s) [ ] Conversion of Existing Building(s)
[ ] Both New Building(s) and Conversion

2. Buildings: 6 Floors Per Building: 2

[x] Exhibit B contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [x] Wood

[x] Other ceramic tile, glass, concrete, aluminum and gypsum board.

4. Permitted Uses:

	No. of Apts.		No. of Apts.
[ ] Commercial		[ ] Industrial	
[x] Residential	29	[ ] Agricultural	
[ ] Timeshare/Hotel		[ ] Recreational	
[ ] Other:			

5. Special Use Restrictions:

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

[X] Pets: One dog (not to exceed 25 lbs. in weight), or one cat or one other household pet as allowed by the Board

[X] Number of Occupants: Not more than two persons per bedroom contained in each apartment, excluding children under age 5, except that in no event shall the number of occupants per bedroom contained in each apartment exceed three per bedroom, inclusive of children under age 5. For purposes of this paragraph, "bedrooms" includes rooms/spaces designated as "loft" or "family room" in Exhibit C to the Declaration or in the Condominium Map.

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 29

Elevators _____ Stairways _____ Trash Chutes _____

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
		See Exhibit A.		

*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 floor area may have been used.

Boundaries of Each Apartment: The respective apartments shall not be deemed to include the perimeter or party walls or the inside undecorated or unfinished surfaces thereof; or the exterior decorated or finished surfaces of all doors, door frames, windows and window frames; or any interior load-bearing walls; or the floor and ceiling surrounding each apartment; or any pipes, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment; all of the foregoing being common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls; the inner decorated or finished surfaces of all walls, floors and ceilings; all doors, door frames, windows and window frames, except the exterior decorated or finished surface thereof; the lanai air space; and all fixtures originally installed in the apartment.

Permitted Alterations to Apartments: Additions, alterations, repairs or improvements solely within an apartment or within a limited common element appurtenant to and for the exclusive use of the apartment may be made by the apartment owner with only the approval of the Board of Directors and the agencies or departments of the County of Maui and any other apartment owner directly affected.

7. Parking Stalls:

Total Parking Stalls: 48

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		32					32
Guest		16					16
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open	48						

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

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

[X] The assigned stall or stalls appurtenant to each apartment unit is designated on the Condominium Map.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[X] Other: Trash enclosure areas

9. Present Condition of Improvements
(For conversions of residential apartments in existence for five years):

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

N/A

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

N/A

10. Conformance to Present Zoning Code

a. [X] 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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

   Exhibit C describes the common elements.

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.

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

   [ ] described in Exhibit _____

   [X] as follows:

Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows: Each apartment shall have for its exclusive use (a) the parking stall or stalls designated on the Condominium Map as appurtenant to such apartment; (b) the mailbox bearing the same number as such apartment, subject to the right of Developer in its discretion and at its expense, to relocate all mailboxes to another location; (c) ground floor apartments only shall the exclusive use of and maintenance responsibility for the unpaved space between the concrete slab lanai area and the rock wall that will be built on two sides of the lanai.

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

   [X] Exhibit D describes the common interests for each apartment.

   [ ] as follows:

Upon merger of this project with The Masters At Kaanapali Hillside Phases A and D - K (there will be no Phase C), as more fully set forth in Exhibit H, the percentage common interest of all apartment owners shall be calculated and determined according to the ratio of each apartment's interior floor area, including lanai, of all apartments in the project, as merged. All instruments of ownership, including mortgages, will have to be amended to reflect the new percentage common interests.

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

Exhibit E describes the encumbrances against the title contained in the title report dated April 19, 1988, issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

Type of Lien	Effect on Buyer's Interest If Developer Defaults

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

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

The initial managing agent for this condominium is:

[X] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[ ] other _____

G. Estimate of Initial Maintenance . . .s:

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

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

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

H. Utility Charges for Apartments:

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

[ ] Electricity [X] Television Cable *

[ ] Gas [X] Water & Sewer

[ ] Other _____

*for basic services, excluding specialty channels such as HBO, Disney or Playboy, which are billed separately.

I. Construction Warranties:

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

1. Building and Other Improvements:

See Exhibit G

2. Appliances:

See Exhibit G

J. **Status of Construction and Estimated Completion Date:**

Construction of the 29 units commenced on March 10, 1988, and the estimated completion date is January 3, 1989.

K. **Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

See Exhibit H.

L. **Sales Documents Filed with the Real Estate Commission:**

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

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated October 19, 1987.

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

[ ] Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

GOLF HAZARD AREA

The condominium map shows a golf hazard area along a portion of the project along the adjoining golf course. No person except maintenance personnel shall sit, stand, picnic, sunbathe, lie or remain in any golf hazard area for more than five minutes nor shall any person place any furniture, appliance or similar item in the golf hazard area.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

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

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

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

This Public Report is a part of Registration No. 1894 filed with the Real Estate Commission on November 9, 1987.

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

[ ] yellow paper stock [X] white paper stock [ ] pink paper stock

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

Supplementary Public Reports expire on the expiration date given on the front of the report.

Gloria Damron

GLORIA DAMRON, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

EXHIBIT A

Apartment Description

There shall be 7 types of apartments in this Phase B, designated as Types "C", "C1", "C2", "C3", "D", "D1" and "E". An "R" in the designation indicates the reverse of the apartment type designated by the letter preceding the "R".

Apt. Type	Quantity	BR/Bath	Family Room/Loft	Net Living Area** (Sq. ft.)	Lanai Area** (Sq. ft.)
C-R	4	2/2	0/0	1,512	221
C1-R	4	2/2	0/0	1,512	206
C2	6	1/2	1/0	1,544	221
C2-R	2	1/2	1/0	1,544	221
C3	6	1/2	1/0	1,544	206
C3-R	2	1/2	1/0	1,544	206
D-R	1	2/2	0/0	1,516	201
D1-R	1	2/2	0/0	1,728	187
E-R	3	2/3	1/1	2,156	260

Total Apartments: 29

** In accordance with local architectural practice, the approximate net living area of each apartment as set forth above includes all of the inner decorated or finished surfaces of all perimeter walls, including any party walls; floors and ceilings; all doors, door frames, windows and window frames, except the exterior decorated or finished surface thereof; and the lanai air space. THE AREAS SHOWN ABOVE ARE APPROXIMATE ONLY, AND THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE AREAS OF ANY PARTICULAR APARTMENT.

DESCRIPTION OF APARTMENT TYPES:

Type "C"

Two bedroom, two bath apartment located on the ground floor of a two-story building and consisting of a living/dining room, a kitchen, two bedrooms, and two bathrooms. All Type "C" apartments contain 1,512 square feet of NET LIVING AREA and a lanai area of 221 square feet, and additionally, a limited common element of 20.13 square feet adjacent to the lanai.

Type "C1"

Two bedroom, two bath apartment located on the second floor of a two-story building and consisting of a living/dining room, a kitchen, two bedrooms, and two bathrooms. All Type "C1" apartments contain 1,512 square feet of NET LIVING AREA and a lanai of 206 square feet.

Type "C2"

One bedroom, two bath apartment located on the ground floor of a two-story building and consisting of a living/dining room, a kitchen, one bedroom, family room, and two bathrooms. All Type "C2" apartments contain 1,544 square feet of NET LIVING AREA and a lanai area of 221 square feet, and additionally, a limited common element of 42.88 square feet adjacent to the lanai.

Type "C3"

One bedroom, two bath apartment located on the second floor of a two-story building and consisting of a living/dining room, a kitchen, one bedroom, family room, and two bathrooms. All Type "C3" apartments contain 1,544 square feet of NET LIVING AREA and a lanai of 206 square feet.

Type "D"

Two bedroom, two bath apartment located on the ground floor of a two-story building and consisting of a living/dining room, a kitchen, two bedrooms, and two bathrooms. All Type "D" apartments contain 1,516 square feet of NET LIVING AREA and a lanai area of 201 square feet, and additionally, a limited common element of 28.0 square feet adjacent to the lanai.

Type "D1"

Two bedroom, two bath apartment located on the second floor of a two-story building and consisting of a living/dining room, a kitchen, two bedrooms, and two bathrooms. All Type "D1" apartments contain 1,728 square feet of NET LIVING AREA and a lanai of 187 square feet.

Type "E"

Two bedroom, three bath apartment with family room, located on the ground floor of a two-story building and consisting of a living room, dining room, a kitchen, two bedrooms, family room, a loft, and three bathrooms. All Type "E" apartments contain 2,156 square feet of NET LIVING AREA and a lanai area of 260 square feet, and additionally, a limited common element of 165.68 square feet adjacent to the lanai.

An "R" in the designation indicates the reverse of the apartment type designated by the letter preceding the "R".

EXHIBIT B

Description of Buildings (Phase B)

Phase B of the project shall consist of six (6) separate apartment buildings, constructed principally of wood, ceramic tile, glass, concrete, aluminium, and gypsum board. The six (6) different and distinct apartment buildings are designated as Buildings 10, 11, 12, 13, 14 and 15. Building 10 shall contain six (6) apartments, Buildings 11, 12 and 13 shall each contain five (5) apartments, and Buildings 14 and 15 shall each contain four (4) apartments. No building contains a basement.

The apartment buildings are numbered counterclockwise from the entry road as shown on the Condominium Map.

EXHIBIT C

Common Elements

One freehold estate is hereby designated in all of the remaining portions of the Project, herein called the "common elements", including specifically but not limited to:

(a) Said land in fee simple;

(b) All structural components, such as foundations, beams, supports, main walls, roofs, halls, corridors, exterior stairs and stairways, entrances, exits, floor slabs, unfinished perimeter, party and load-bearing walls, walkways and balconies of said buildings;

(c) All common spaces such as yards, gardens, planting areas, trash collection areas, all parking areas, driveways, access lanes, all signs, including the project sign at the entrance, and the entrance gate;

(d) All common premises for the use of maintenance personnel or other persons employed for operation of the Project, if any;

(e) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under, or across the Project which serve more than one apartment for services such as power, light, gas, hot water, cold water, sewage, telephone, radio and television signal distribution, if any; provided, however, that ownership of any common element by the Association shall start from but exclude any meter box or other measuring device that is installed or if no meter box or other measuring device is installed, then from the point of connection onto the trunk line in case of sewer or drainage improvements or as provided in the laws, rules or regulations applicable to the company providing such services in the case of telephone and television signal improvements;

(f) Any apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, vents, and other such installations and apparatus;

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

EXHIBIT D

PERCENTAGE OF COMMON INTEREST

Apartment Number	Percentage Common Interest
1001	3.25
1002	3.63
1003	3.28
1004	3.25
1005	3.34
1006	3.31
1101	4.60
1103	3.28
1104	3.25
1105	3.34
1106	3.31
1201	4.60
1203	3.28
1204	3.25
1205	3.34
1206	3.31
1301	4.60
1303	3.28
1304	3.25
1305	3.34
1306	3.31
1401	3.34
1402	3.31
1403	3.34
1404	3.31
1501	3.34
1502	3.31
1503	3.34
1504	3.31
TOTAL	100.0%

EXHIBIT E

Encumbrances Against Title

The Preliminary Report by Title Guaranty of Hawaii, Incorporated, dated April 19, 1988, reflects that fee simple title to the land is held by Ohbayashi Hawaii Corporation, a Hawaii corporation.

Said Preliminary Report and Developer's report show title to the property to be subject to the following encumbrances:

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

2. The restrictive covenants set forth in Declaration dated September 29, 1967, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5815, Page 198.

3. "Lease in favor of Maui Electric Company, Limited, and Hawaiian Telephone Company dated October 13, 1967, recorded in said Bureau of Conveyances in Liber 5893, Page 226; leasing and demising rights-of-way, each twenty-five (25) feet in width, over, across and under the land described herein, besides other land, for a term of 35 years commencing October 13, 1967, and thereafter from year to year until terminated."

4. The reservations set forth in Deed dated September 29, 1967, recorded in said Bureau of Conveyances in Liber 5815, Page 214, to-wit:

"Reserving unto the Grantor, its successors and assigns, the following:

(1) The perpetual right and easement in favor of the Grantor, its successors and assigns, over and upon the granted premises, but without any right of entry thereon, to discharge, emit, diffuse and inflict noise, smoke, soot, dust, lights, noxious vapors, odors and other minor nuisances of every description created by and resulting from the operations of the Grantor, its successors and assigns, in burning sugar cane and bagasse, miller, generating power, trucking, hauling and all other activities incidental to the operation of a sugar plantation; and

(2) The perpetual right and easement in favor of the Grantor, its successors and assigns, to maintain an irrigation waterline and to enter upon the property in a careful and prudent manner and to lay, install, maintain, repair, replace or renew said irrigation waterline and to do in the same manner such other things necessary to operate an irrigation waterline in, upon, along and over the portion of the property described in Exhibit 'A' as Easement G-1, hereinafter called the 'right-of-way';

Provided, however, that if the present location of said irrigation waterline interferes with the orderly development of the property, the Grantor shall adjust the location of said irrigation waterline within the right-of-way or in the event such relocation is impracticable, the Grantor shall relocate said irrigation waterline to such substitute right-of-way

provided by the Grantee, the expense of any such adjustment or relocation to be borne by the Grantor."

5. The covenants set forth in instrument filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document Nos. 498923 and 499179.

6. Grant in favor of Maui Electric Company, Limited, and Hawaiian Telephone Company dated March 23, 1970, recorded in said Bureau of Conveyances in Liber 7287, Page 73; granting non-exclusive easement for underground powerline purposes.

7. Declaration of Covenants and Restrictions dated June 18, 1980, recorded in said Bureau of Conveyances in Liber 14798, Page 729, as amended by instrument dated July 15, 1982, recorded in said Bureau of Conveyances in Liber 16467, Page 703.

8. The exception and reservation unto the Grantor, its successors and assigns, forever, of the following easements, including the right to grant to the United States of America, the State of Hawaii, the County of Maui, or any other appropriate governmental agency, or to any public utility or other corporation, easements for the purposes described below as Grantor may desire or require:

   (1) Such future easements and rights of way over, across, under and through the granted premises for access, sewer, drainage, utility and other purposes as Grantor may reasonably require for operation of the Kaanapali Beach Resort as a first class destination resort, the operation of the residential areas of Kaanapali, and for the future development of Grantor's surrounding lands; provided, that such easements shall not unreasonably interfere with the use of the granted premises by Grantee.

   (2) A reservation as appurtenant to the lands of the Grantor, located in the District of Lahaina, now owned and used or hereafter acquired and used by the Grantor in its sugar plantation operations, the perpetual right and easement over and upon the granted premises to discharge, emit, or transmit surface water runoff, noise, smoke, soot, dust, lights, vapors, odors and other substances and phenomena of every description created by and resulting from (1) the reasonable operations of the Grantor in burning sugar cane and bagasse, milling, generating power, trucking, hauling and all other activities incidental to the operation of a sugar cane plantation, and (2) the operations of the Grantor, its lessees and licensees in constructing, operating and maintaining a railroad, a portion of which may be located adjacent to or near the granted premises; and the Grantee does hereby waive any and all claims under any law whatsoever against the Grantor arising therefrom.";

as excepted and reserved in Deed dated June 4, 1980, recorded in said Bureau of Conveyances in Liber 14798, Page 751.

9. Private Water System Agreement dated September 30, 1981, recorded in said Bureau of Conveyances in Liber 15930, Page 778, by and between Ohbayashi Hawaii Corporation, a Hawaii corporation, "Ohbayashi", and the Department of Water Supply, County of Maui, "Department".

10. Private Water System Agreement dated December 30, 1981, recorded in said Bureau of Conveyances in Liber 16106, Page 234, by and between Ohbayashi Hawaii Corporation, a Hawaii corporation, "Applicant", and the Department of Water Supply, County of Maui, "Department".

11. Subdivision Agreement (Large Lots) dated May 5, 1982, recorded in said Bureau of Conveyances in Liber 16348, Page 324, by and between Ohbayashi Hawaii Corporation, a Hawaii corporation, "Owner", and the County of Maui, a body politic and corporate, and a political subdivision of the State of Hawaii, "County".

12. Subdivision Agreement (Three Lots or Less) dated May 3, 1982, recorded in said Bureau of Conveyances in Liber 16348, Page 331, by and between Ohbayashi Hawaii Corporation, a Hawaii corporation, "Owner", and the County of Maui, a body politic and corporate, and a political subdivision of the State of Hawaii, "County".

13. Private Water System Agreement dated September 29, 1986, recorded in said Bureau of Conveyances in Liber 19998, Page 43, by and between Ohbayashi Hawaii Corporation, a Hawaii corporation, "Developer", and the Department of Water Supply, County of Maui, "County".

14. Existing Easement "1" for sewer and drain purposes, as shown on map prepared by Patrick M. Cummins, Registered Professional Land Surveyor, dated October 23, 1985 (Revised October 23, 1985, October 28, 1985, January 23, 1987 and July 10, 1987).

15. For any real property taxes due and owing, reference is made to the Office of the Finance Director, County of Maui.

Chaney, Brooks & COMPANY
DIVERSIFIED REAL ESTATE SERVICES

MASTERS AT KAANAPALI HILLSIDE
Phase B

(29 Units)

1987-1988 ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

	Monthly	x 12 months =	Yearly Total
Utilities and Services			
Electricity			
x common elements only	$200		$2,400
___ common elements & apartments			
Refuse Collection	50		600
Telephone	20		240
Water and Sewer	520		6,240
Maintenance, Repairs and Supplies			
Building	250		3,000
Grounds	75		900
Management			
Management Fee	825		9,900
Payroll and Payroll Taxes	1,456		17,472
Office Expenses	25		300
Insurance	1,798		21,576
Reserves	813		9,756
Taxes and Government Assessments	25		300
Other			
Legal Fees	50		600
Misc. & Project Office Expenses	50		600
Petty Cash Reimbursement	50		600
Lodging-Resident Manager	425		5,100
Other Cash Disbursements	50		600
Audit and Tax Preparation	65		780
T.V. Signal	317		3,804
TOTAL	$ 7,064		$ 84,768

Chaney, Brooks & Company, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements, based on currently available information, were prepared in accordance with generally accepted accounting principles. Figures assume that succesive phases will merge with preceding phases upon completion.

[signature]

Date: 10/16/87

Phyllis Okada, Vice President
Marketing & Business Development

S-2908p/48
S-7785q/51

EXHIBIT F

Chaney, Brooks & COMPANY
DIVERSIFIED REAL ESTATE SERVICES

ESTIMATED MAINTENANCE FEES

Apartment Number	Percentage Common Interest	Maintenance Fee
1001	3.25	$ 229.58
1002	3.63	256.42
1003	3.28	231.70
1004	3.25	229.58
1005	3.34	235.94
1006	3.31	233.82
1101	4.60	324.94
1103	3.28	231.70
1104	3.25	229.58
1105	3.34	235.94
1106	3.31	233.82
1201	4.60	324.94
1203	3.28	231.70
1204	3.25	229.58
1205	3.34	235.94
1206	3.31	233.82
1301	4.60	324.94
1303	3.28	231.70
1304	3.25	229.58
1305	3.34	235.94
1306	3.31	233.82
1401	3.34	235.94
1402	3.31	233.82
1403	3.34	235.94
1404	3.31	233.82
1501	3.34	235.94
1502	3.31	233.82
1503	3.34	235.94
1504	3.31	233.82
TOTAL	100.00%	$ 7,064.02

S-7785q/mlg
10/16/87

EXHIBIT G

Construction Warranties

The developer shall require that the construction contract with the contractor for the project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

> If, within one year after the Date of Substantial Completion of the Work or designated portion thereof or within one year after acceptance by the Owner of designated equipment or within such longer period of time as may be prescribed by law or by the terms of any applicable special warranty required by the Contract Documents, any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition. This obligation shall survive termination of the Contract. The Owner shall give such notice promptly after discovery of the condition.

Developer agrees that if the purchaser shall give developer written notice of any such condition promptly after discovery thereof during the unexpired term of such contractor's warranty, developer shall forward such notice together with a written notice to the contractor to correct such condition. Developer shall assign to purchaser the unexpired term of the general contractor's warranty and of any manufacturer's or dealer's warranties (which may by their terms be so assigned) covering the apartment, any furnishings, fixtures, appliances or consumer products in the apartment. Purchaser acknowledges and agrees that developer is not acting as co-warrantor, but is agreeing to pass through to the purchaser the benefit of any such warranties. The terms of the manufacturer's or dealer's written warranties will be available for purchaser's inspection at the developer's sales office. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS INSTALLED OR CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

****

THE ATTENTION OF THE PURCHASER IS DIRECTED TO ARTICLE IV OF THE RESERVATION AND SALES AGREEMENT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT, ESTIMATED MAINTENANCE FEES AND RENTAL OF THE APARTMENT.

EXHIBIT H

Project Phases

DEVELOPER'S RIGHT TO MERGE PROPERTY WITH ANY OTHER PHASE OR PHASES: The Masters At Kaanapali Hillside, Phase B, is the second phase of a proposed ten (10) phase project. The location of the proposed third to tenth phases of The Masters At Kaanapali Hillside Condominium in the adjoining 24.858 acres of land owned by Developer is shown in Exhibit "B" attached to the Declaration of Horizontal Property Regime of the project. Whether the third to tenth phases will be developed at all or in the manner or order proposed by Developer is not known. If any other phase is developed, the Developer reserves the right to alter and modify the boundaries of any phase or the improvements to be constructed in any phase, except that the floor plans and building elevations shall not be materially different from those in the Condominium Map, it being understood that changes in building elevations will occur when different floor plans are used. Developer has floor plans for approximately 20 types of apartments. Developer also reserves the right from time to time to cause either legal merger of such phase or phases in accordance with this Section 17 of the Declaration or to cause an administrative merger as provided in Section 18 of the Declaration. Developer also reserves all rights to develop any phase as a separate condominium project or other type of real estate project.

If a legal merger occurs, then the percentage common interest of all apartment owners shall be calculated and determined according to the ratio of each apartment's interior floor area, including lanai, of all apartments in the project, as merged. All instruments of ownership, including mortgages will have to be amended to reflect the new percentage common interests.

If an administrative merger occurs, then all apartment owners shall share common expenses of the project, as merged, on the basis of the ratio of each apartment's interior floor, including lanai, compared to the total interior floor area, including lanai of all apartments in the project, as merged. Instruments of ownership, including mortgages, will not be amended.

The merged projects will be operated as one project with all owners being entitled to utilize all common areas of the merged project. Administration of the merged project will be under the direction and control of one Board of Directors elected by vote of the apartment owners in the merged project.

This is a summary of the legal and administrative merger provisions contained in Sections 17 and 18 of the Declaration. Interested persons are urged to read Sections 17 and 18 of the Declaration for complete information.

END OF EXHIBIT H

EXHIBIT I

Summary of Pertinent Provisions of Sales Contract

The Sales Contract sets forth the terms and conditions concerning the sale of an apartment in the project for the stated purchase price.

Some of the salient areas of the Sales Contract are:

1. The purchase price is paid in increments as various parts of the apartment and the building in which the apartment is located are constructed. The purchase price may be increased due to unexpected events such as delays due to governmental actions or strike or labor disturbance, but the Purchaser is given fifteen (15) days to affirm the price increase or terminate the Sales Contract and receive a refund of all sums paid toward the purchase price.

2. Seller retains certain reserved rights:

a. Seller may cancel any Sales Contract and refund Purchaser's funds (without interest) if by February 28, 1989 not more than twenty-two (22) apartments have been sold;

b. Seller's construction and sales activities will continue for some time in the future so Seller and its construction and sales representatives and customers may use on-street parking and a portion of the guest stalls and the common elements for sales purposes;

c. Seller may cancel the Sales Contract of a Buyer who does not have the resources to pay the purchase price or who does not diligently follow through with an application to finance the purchase price.

3. Information concerning any contractor's warranties and dealer's or manufacturer's warranties.

The Buyer is requested to read and understand the terms and conditions of the Sales Contract before executing the Sales Contract.

END OF EXHIBIT I

EXHIBIT J

Summary of Pertinent Provisions of Escrow Agreement

The executed escrow agreement dated October 19, 1987, identifies Bank of Hawaii as the "Escrow" and provides that a purchaser shall be entitled to a return of his funds, if any one of the following has occurred:

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

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

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

(d) A purchaser has exercised his right to rescind the contract pursuant to §514A-63, Hawaii Revised Statutes, as amended.

Upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) above together with evidence satisfactory to Escrow confirming that the event described in (c) above has occurred, Escrow shall pay said funds to said purchaser with any earned interest (less a cancellation fee of Escrow and other costs associated with the purchase up to a maximum of $250.00); or

Upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (d) above together with evidence satisfactory to Escrow confirming that the event described in (d) above has occurred, Escrow shall pay said funds to said purchaser with any earned interest. Thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) Notwithstanding any other provision in the Escrow Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow, if the Developer and purchaser shall so request in writing and any one of the following events has occurred:

(i) no sales contract has been offered to the purchaser who has been placed on the Developer'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 unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Developer is limited to selling to owner-occupant; or

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

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

Except for cancellations under subparagraph (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee and a reasonable amount representing expenses incurred by the Developer to process the sales contract.

By agreement dated July 21, 1988, Escrow and Developer have agreed to amend the Escrow Agreement dated October 19, 1987, to delete the provision allowing any apartment purchaser's fund to be disbursed to the Developer prior to the lapse of the statutory period within which materialmen's and mechanics' liens can be filed against The Masters at Kaanapali Hillside, Phase B, Project.

END OF EXHIBIT J