



**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

KIHEI VILLAGES PHASE I
140 Uwapo Road
Kihei, Maui, Hawaii

Registration No. 1895

Issued: December 7, 1988
Expires: January 7, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 23, 1988 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.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.
 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 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 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.

1. Type B-1 and Type B-2 apartments have 2 bedrooms and 2 bathrooms rather than 2 bedrooms and 2-1/2 bathrooms.

2. The Condominium Project has 32 guest parking stalls rather than 43, and there will be 72 extra stalls available for purchase rather than 61.

3. The general partner of the Developer is now JPS Hawaii, Inc. instead of James K. Schuler and Associates, Inc.

4. The Escrow is Security Title Corporation rather than First Hawaiian Bank, although the terms and provisions of the Escrow Agreement are unchanged.

5. Fee ownership of the land on which this Condominium Project is located has been transferred to the Developer, Aina Kihei Partners.

6. As reflected in Exhibit "D" to this Report, there have been additions and deletions from the encumbrances which affect the land on which this Condominium Project is located. The encumbrances are primarily utility easements or agreements relating to drainage and utilities. One easement has been added to provide access and utility service to the proposed adjoining condominium project presently planned as Phase II.

7. The Declaration of Condominium Property Regime and By-Laws have been executed and, together with the Condominium Map, have been recorded in the Bureau of Conveyances, and the initial Rules and Regulations (House Rules) have been adopted.

8. The plan of merging this Condominium Project with other increments of the overall project has been changed. Mergers will be for the purpose of sharing common expenses and for unified administration purposes only, and no merger will result in the alteration of the common interest appurtenant to an apartment. An explanation of how common expenses will be shared and allocated to individual apartments upon a merger is described in Exhibit "C" to this Report.

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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 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:

A fee simple interest in an apartment plus an undivided interest in the project's common elements.

Type of Project:

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

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A-1	60	2/1-1/2	750	75
A-2	60	2/1-1/2	750	70
B-1	4	2/2	742	50
B-2	4	2/2	742	65
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 128

*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:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	128
Guest Stalls	32
Unassigned Stalls	_____
Extra Stalls Available for Purchase	72
Other: _____	_____
Total Parking Stalls	<u>232</u>

7. Recreational amenities: recreation area

PEOPLE CONNECTED WITH THE PROJECT

Developer: Aina Kihei Partners **Phone:** 521-5661
Name 1001 Bishop Street, Suite 1060
Business Address Honolulu, Hawaii 96813
(Business)

Names of officers or general partners of developers who are corporations or partnerships:
JPS Hawaii, Inc., General Partner

Real Estate Sales Agent: Coldwell Banker - Bello McCormack **Phone:** 879-5233
Name Kealia Beach Plaza, 101 N. Kihei Road
Business Address Maui, Hawaii 96753
(Business)

Escrow: Security Title Corporation (Maui Branch) **Phone:** 244-3721
Name 2035 Main Street
Business Address Wailuku, Maui, Hawaii 96793
(Business)

Managing Agent: Oihana Property Management & Sales, Inc. **Phone:** 744-7684
Name 840 Alua Street, Suite 202
Business Address Wailuku, Maui, Hawaii 96793
(Business)

Attorney for Developer: Ronald W. K. Yee, Gordon J. Mau
Name 1000 Bishop Street, Suite 303
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
 Recorded – Bureau of Conveyances – Book 22499 Page 305
 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
 Recorded – Bureau of Conveyance Condo Map No. 1163
 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
 Recorded – Bureau of Conveyances – Book 22499 Page 341
 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, rules 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 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:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>	
Declaration (and Condo Map)	75%	<u>75%</u>	* Amendments to certain provisions which give rights to the Declarant can only be amended with Declarant's consent.
Bylaws	65%	<u>65%</u>	
House Rules	-	<u> </u>	

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:

A. Prior to the conveyance of any apartment in the Condominium, the Developer may amend the aforesaid condominium documents to reflect changes in the Condominium and the apartments and common and limited common elements as long as such changes do not materially diminish the value of any apartment or jeopardize a purchaser's loan commitment.

B. Upon completion of the Condominium, the Developer may amend the Condominium Declaration to file the "as built" verified statement required by Section 514A-12 of the Horizontal Property Act.

C. The Developer may amend the aforesaid condominium documents to subject the Condominium to an FHA Regulatory Agreement and/or to conform the Condominium to the requirements of the VA Home Loan Guarantee Program and FHA Home Loan Program.

D. The Developer may amend the aforesaid condominium documents to effect the merger of various phases of the Overall Project, including amending said documents by granting or realigning easements for utilities purposes.

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:

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: 140 Uwapo Road Tax Map Key: 2-3-8-04
Kihei, Maui, Hawaii 96753 (TMK) portion of 19

Address TMK is expected to change because final subdivision will result in
establishment of separate parcel number for the site of this Condominium Project.

Land Area: 6.199 square feet acre(s) Zoning: A-2 Residential

Fee Owner: Aina Kihei Partners
name
1001 Bishop Street, Suite 1060
address
Honolulu, Hawaii 96813

Sublessor:
name
address

C. Buildings and Other Improvements:

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

2. Buildings: 15 Floors Per Building: 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>128</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> 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:

Dogs, cats or other household pets. Subject to

- Pets:** Kilhei Villages Rules and Regulations. Please ask for information if applicable.
- Number of Occupants:** 2 persons per bedroom, not including children under the age of 5, but no more than 3 occupants per bedroom including children under the age of 5.
- Other:** _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 128

Elevators 0 Stairways 32 Trash Chutes 0

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A-1	60	2/1-1/2	750	75
A-2	60	2/1-1/2	750	70
B-1	4	2/2	742	50
B-2	4	2/2	742	65

*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:

Net living area of the enclosed portion of the apartment measured from the interior surfaces of the apartment perimeter walls, plus the lanai area.

Second floor lanais are measured to the inside of the railings.

Permitted Alterations to Apartments:

Unless otherwise prohibited the Condominium Declaration, the By-Laws or the Condominium Property Act, an Apartment Owner may make additions, alterations or improvements solely within his or her apartment or within a limited common element appurtenant to his or her apartment at his or her sole cost and expense; provided, however, that no Owner may do any work to his or her Apartment which could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof, or impair any easement or hereditament; nor may any Owner add any material structure without in every such case the consent of seventy-five percent (75%) of the Owners being first obtained, including the consent of all Owners whose apartments or limited common elements appurtenant thereto are directly affected. The installation of solar energy devices, as defined by H.R.S. Section 468B-1 shall require approval only by the Board.

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. 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	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 A 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.

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

described in Exhibit B

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 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.

Exhibit C describes the common interests for each apartment.

as follows:

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

Exhibit D describes the encumbrances against the title contained in the title report dated October 25, 1988. Also, note additional encumbrances shown on page 7 of this Public Report which went on record subsequently.

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.

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

[x] 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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Construction Loan	Buyer may not be able to acquire the apartment. His interest may be terminated but he will get his deposit back.

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 Fees:

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

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

Exhibit E 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:

- | | |
|--------------------------------------|--|
| <input type="checkbox"/> Electricity | <input checked="" type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |

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:

The Developer's sole warranty is described in Exhibit F attached hereto.

2. Appliances:

Developer makes no warranty as to appliances or other consumer products installed in any apartment or in the common elements. If there are any applicable manufacturer's or dealer's warranties, Developer will endeavor to pass on such warranties to purchasers.

J. Status of Construction and Estimated Completion Date:

Project site improvements commenced on January 1, 1988 and building improvements on February 1, 1988. The estimated completion date for the project is June 1, 1989.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

The Developer is planning to develop five other increments containing a total of 404 apartments in addition to this condominium. Each such increment will be developed as a separate condominium project. The building and apartment types in the remaining five increments will be substantially the same types as the building and apartment types included in this condominium. The incremental development plan provides for and incorporates into earlier increments, such as this condominium, certain easements which will permit to subsequent increments the use of and access to utility facilities, including water, sewer, drainage, electricity, gas and telephone facilities. The present plan for the overall project also contemplates the joint use of the recreational facilities located in this condominium.

The plan also provides for the merger of this condominium with one or more or all of phases "II", "III", "IV", "V" and "VI". The purpose of merger is to provide a method of combining increments of the overall project so that the common expenses of all merged increments will be shared and the administration of all merged increments will be unified under one association of apartment owners as if they were developed as a single project. There may be one or several such mergers but in no event will any such merger affect the common interests appurtenant to the apartments in the merged increments. An explanation of how common expenses will be shared by merged increments are allocated to individual apartments within merged increments is contained in Exhibit "C".

The Developer is not obligated to follow the present plan for incremental development of the overall project and has no obligation to develop any subsequent increments or to merge this condominium with any one or more such increments. The Developer may also modify the plan for any subsequent increment.

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

Specimen Sales Contract

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

Escrow Agreement dated January 18, 1988, adopting terms of former agreement dated November 5, 1987.

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

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.

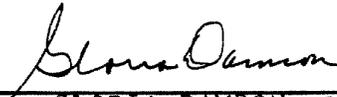
This Public Report is a part of Registration No. 1895 filed with the Real Estate Commission on November 6, 1987.

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

yellow paper stock 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, 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"

COMMON ELEMENTS: The Condominium Declaration states that the common elements consist of:

- (a) The Land in fee simple.
- (b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), and roofs of the buildings; all exterior stairs, stairways, landings and railings (except lanai railings); and other building appurtenances, including but not limited to, the electrical cabinets and the compartments for waterheaters located on the exteriors of the buildings.
- (c) All yards, grounds, landscaping, fences, and refuse areas and facilities.
- (d) All sidewalks, pathways, parking areas, parking stalls (including 32 Visitor Parking Stall Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 15, 16, 17, 18, 19, 20, 21, 22, 122, 123, 124, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 232), driveways and roads within the Condominium.
- (e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations for power, light, water, sewer, gas and telephone; all pipes, plumbing, wires, conduits or other utility or service lines, which are used by or serve more than one apartment, including any such lines that run through any apartment; and central air conditioning and like central utilities, if installed.
- (f) All the benefits, if any, inuring to the Land or to the Project from all easements shown on the Condominium Map or listed in the Condominium Declaration.
- (g) All other portions of the land and improvements that are not specifically designated for use by one or more specific apartments, but which are intended for common use, and all other devices and installations the use of which exists for, is rationally allocated to or is necessary to the existence, upkeep and safety of more than one apartment or the Condominium Project as a whole.
- (h) All recreational facilities, including the tot lot, picnic area, and the one-story building located next to Building 1. (NOTE: The Condominium Declaration states that the Developer reserves the right to use this building as a sales office to sell not only apartments in this Project, but also apartments that may be subsequently developed on adjoining parcels as part of the Overall Project. The Condominium Declaration obligates the Developer to convert the picnic area and tot lot into a common area on or before 4 years have elapsed from the date of recordation of the Declaration and upon expiration of Declarant's right to exclusive use to convert said building into a recreation center.)

The common elements will include the common elements of any one or more of the condominium projects that may be developed as part of the Overall Project at such time as there is a merger of this Condominium Project with any one or more of such other projects, all as explained below under the heading PHASED DEVELOPMENT AND MERGER OF PHASES.

EXHIBIT "B"

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called "limited common elements", are set aside and reserved for the exclusive use of certain apartments. The limited common elements are as follows:

(a) Each apartment will have appurtenant to it at least one parking stall. The Condominium Map identifies each stall by a parking stall number. The particular apartment stall that will initially be appurtenant to a particular apartment is listed in the Condominium Declaration, as follows:

<u>BUILDING/ APARTMENT NO.</u>	<u>STALL NO.</u>	<u>BUILDING/ APARTMENT NO.</u>	<u>STALL NO.</u>
1-101	28	8-201	117
1-102	29	8-202	115
1-103	12	8-203	116
1-104	11	8-204	114
1-201	26	9-101	118
1-202	27	9-102	119
1-203	14	9-103	78
1-204	13	9-104	79
2-101	48	9-201	80
2-102	47	9-202	81
2-103	34	9-203	82
2-104	33	9-204	83
2-201	46	13-101	173
2-202	45	13-102	172
2-203	35	13-103	163
2-204	36	13-104	164
3-101	58	13-201	171
3-102	59	13-202	170
3-103	50	13-203	165
3-104	49	13-204	166
3-201	57	14-101	158
3-202	56	14-102	159
3-203	52	14-103	199
3-204	51	14-104	200
4-101	70	14-201	161
4-102	69	14-202	160
4-103	61	14-203	201
4-104	60	14-204	202
4-201	68	15-101	215
4-202	67	15-102	216
4-203	63	15-103	206
4-204	62	15-104	205

5-101	89	15-105	203
5-102	88	15-106	157
5-103	75	15-201	214
5-104	74	15-202	213
		15-203	208
5-201	87	15-204	207
5-202	86	15-205	204
5-203	73	15-206	156
5-204	72		
		16-101	146
6-101	97	16-102	145
6-102	96	16-103	137
6-103	93	16-104	136
6-104	92		
		16-201	144
6-201	94	16-202	143
6-202	95	16-203	139
6-203	91	16-204	138
6-204	90		
		21-101	135
7-101	104	21-102	134
7-102	105	21-103	125
7-103	106	21-104	126
7-104	107		
7-105	108	21-201	132
7-106	109	21-202	133
		21-203	127
7-201	99	21-104	128
7-202	120		
7-703	103	22-101	228
7-204	102	22-102	227
7-205	101	22-103	217
7-206	100	22-104	218
8-101	113	22-201	226
8-102	111	22-202	225
8-103	112	22-203	219
8-104	110	22-204	220
Additional Stalls Appurtenant to Apartment 1-104 Available for Purchase	9, 23, 24, 25, 30, 31, 32, 37, 38, 39, 40, 41, 42, 43, 44, 53, 54, 55, 64, 65, 66, 71, 76, 77, 84, 85, 98, 121, 129, 130, 131, 140, 141, 142, 147, 148, 149, 150, 151, 152, 153, 154, 155, 162, 167, 168, 169, 174, 175, 176, 177, 178, 179, 180, 181,	Visitor Parking Stalls:	1, 2, 3, 4, 5, 6, 7, 8, 10, 15, 16, 17, 18, 19, 20, 21, 22, 122, 123, 124, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 232

182, 183, 184,
185, 186, 187,
209, 210, 211,
212, 222, 223,
224, 229, 230,
231,

(NOTE: Those stalls listed as "Visitor" stalls will remain common elements. The other stalls may be transferred between apartments in the manner provided for in the Condominium Declaration, as long as at least one stall is appurtenant to each apartment. The Developer may sell to various purchasers one or more of the additional 72 parking stalls listed as appurtenant to Apartment 1-104 and may also change parking stall assignments as long as at least one parking stall is assigned as a limited common element to each apartment. The parking stall or stalls assigned to an apartment shall be listed in the Apartment Deed from the Developer.)

(b) Each private patio or yard area is a limited common element appurtenant to first floor apartment which such area adjoins as shown on the site plan included as part of the Condominium Map. Each such area is deemed to be measured from the interior surface of the fence (i.e., the surface facing the apartment) around the area.

(c) Each compartment containing hot waterheaters and located on the exterior of the buildings adjacent to apartments are limited common elements to such ground level apartments and to the second story apartments above them which are served by the waterheaters contained therein.

(d) The concrete pad outside the door of each ground level apartment is a limited common element appurtenant to that apartment. Each stairway and second story landing providing access to a second story apartment is a limited common element appurtenant to that apartment; provided, that those stairways which lead to two second story apartments shall be limited common elements to both of the apartments so served, but the second story landing directly adjacent to the entrance of each such second story apartment is a limited common element to that apartment only.

(e) Each mailbox bearing the same designation as an apartment is a limited common element to that apartment.

All costs and expenses pertaining to limited common elements are to be charged to the apartment or apartments to which the limited common element appertains pursuant to the Condominium Declaration and Section 514A-15(a) of the Horizontal Property Act. If a limited common element is appurtenant to two or more apartments, such costs and expenses shall be charged to both. Thus, if a limited common element is appurtenant to two apartments, one-half of such costs and expenses will be charged to each apartment; provided, however, that as permitted in the Condominium Declaration, the Board of Directors of the Association may assess certain of such costs and expenses in proportion to the common interest appurtenant to each of the apartments involved. Apartment owners shall be responsible for the maintenance and repair of their limited common elements.

END OF EXHIBIT "B"

EXHIBIT "C"

INTEREST TO BE CONVEYED AN APARTMENT BUYER: The Condominium Declaration provides that the undivided interest in the common elements appurtenant to each apartment for voting and all other purposes (the "common interest") will be as follows:

<u>Type and Number of Apartments</u>	<u>Apartment Numbers</u>	<u>Percentage of Common Interest For Each Apt.</u>	<u>Total Percentage of Common Interest For Each Apt. Type</u>
A-1 (60):	1-101, 1-102, 1-103, 1-104, 2-101, 2-102, 2-103, 2-104, 3-101, 3-102, 3-103, 3-104, 4-101, 4-102, 4-103, 4-104, 5-101, 5-102, 5-103, 5-104, 6-101, 6-102, 6-103, 6-104, 7-101, 7-102, 7-105, 7-106, 8-101, 8-102, 8-103, 8-104, 9-101, 9-102, 9-103, 9-104, 13-101, 13-102, 13-103, 13-104, 14-101, 14-102, 14-103, 14-104, 15-101, 15-102, 15-105, 15-106, 16-101, 16-102, 16-103, 16-104, 21-101, 21-102, 21-103, 21-104, 22-101, 22-102, 22-103, 22-104	0.7818	46.908
A-2 (60):	1-201, 1-202, 1-203, 1-204, 2-201, 2-202, 2-203, 2-204, 3-201, 3-202, 3-203, 3-204, 4-201, 4-202, 4-203, 4-204, 5-201, 5-202, 5-203, 5-204, 6-201, 6-202, 6-203, 6-204, 7-201, 7-202, 7-205, 7-206, 8-201, 8-202, 8-203, 8-204, 9-201, 9-202, 9-203, 9-204, 13-201, 13-202, 13-203, 13-204, 14-201, 14-202, 14-203, 14-204, 15-201, 15-202, 15-205, 15-206, 16-201, 16-202, 16-203, 16-204, 21-201, 21-202, 21-203, 21-204, 22-201, 22-202, 22-203, 22-204	0.7818	46.908
B-1 (4):	7-103, 7-104, 15-103, 15-104	0.7730	3.092
B-2 (4):	7-203, 7-204, 15-203, 15-204	0.7730	<u>3.092</u>
Grand Total			100.00%

The common interest is based upon the net living area in square feet for that apartment divided by the total net living area of all apartments, rounded off so that the total of all the common interest for all apartments equals 100%.

Each apartment owner will be assessed a share of all common expenses of the Condominium Project equal to the common interest appurtenant to his or her apartment. All expenses pertaining to limited common elements will be assessed in the manner described under the heading LIMITED COMMON ELEMENTS.

Upon a merger of this Condominium Project with one or more projects, as described in this Report under the heading: "K. Project Phases", the combined common expenses of all merged projects will be shared in the following manner. Each of the merged projects will bear a fraction (expressed as a percentage) of the combined common expenses equal to the total number of square feet of apartment net living area contained in the particular project divided by the total number of square feet of apartment net living area contained in all of the merged projects. For example, if this Condominium Project (Phase I), which contains a total of 95,936 square feet of apartment net living area, were merged with Phase II, which, as presently planned, will contain a total of 74,904 square feet of apartment net living area, the fractional share of the combined common expenses of Phases I and II to be borne by the apartments in Phase I would be $\frac{95,936}{170,840}$, or 56.16%.

The share of combined common expenses allocable to an individual apartment within an increment that has been merged with one or more other increments would be calculated by multiplying the percentage of common interest appurtenant to the individual apartment times the fractional share (expressed as a percentage) borne by the increment in which the individual apartment is located. Thus, using the previous example of a merger between Phases I and II, the share of the combined common expenses for Phases I and II which would be allocated to a Type A-1 or Type A-2 apartment in Phase I would be 0.7818% times 56.16% or 0.439%. For a Type B-1 or Type B-2 apartment in Phase I, the share would be 0.7730% times 56.16% or 0.435%.

If all of the increments are developed and merged as presently planned, the share of combined common expenses which will be borne by this Condominium Project will be 24.07%.

END OF EXHIBIT "C"

EXHIBIT 'D'

Encumbrances Against Title

1. **TAXES Tax Map Key: MAUI 3-8-04-19 (por.)**

For any taxes that may be due and owing and a lien on the parcel of land herein described, reference is hereby made to the Office of the Tax Assessor of the Second Division.

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

3. **Restricted abutter's rights of vehicle access into and from Piilani Highway, as shown on State of Hawaii, Department of Transportation, Land Transportation Facilities Division, Right-of-Way Map, Piilani Highway, FAP #RF-031-1 (5), dated July 1, 1977.**

4. **CERTIFICATE AND CONSENT**

Dated: December 17, 1980
Book: 15241
Page: 456

The Decision and Order referred to in the foregoing Certificate and Consent has been amended by the following:

ORDER CLARIFYING CONDITION CONTAINED IN DECISION AND ORDER

Dated: December 11, 1984
Book: 21453
Page: 476

5. **The terms and provisions of that certain Section 14.12.080 Agreement For Central Maui Areas dated November 3, 1987, made by and between Aina Kihei Development, a partnership existing under and by virtue of Joint Venture Agreement, dated July 1, 1960, "Owner", Aina Kihei Partners, a Hawaii limited partnership, "Applicant", and the County of Maui and its Department of Water Supply, "County", recorded in the Bureau of Conveyances of the State of Hawaii in Book 21469 Page 220, to which reference is hereby made.**

3. 329° 48' 30" 630.30 feet over and
across portions of
Lots 1 and 3 of
Aina Kihei Partners
Large-Lot
Subdivision;
4. 89° 12' 30" 17.22 feet along the
Pulehunui-Waiakoa
Boundary to the
point of beginning
and containing an
area of 9,411
square feet, more
or less.

as per survey of Warren A. Suzuki, Registered Professional Surveyor, Certificate No. 5073, dated October 18, 1988.

9. Easement "B" for driveway and utility easement purposes, being more particularly described as follows:

Beginning at a point at the northwesterly corner of this easement, being also the northwesterly corner of the above described lot, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU-O-KALI", being 18,513.16 feet North and 24,831.48 feet West and running by azimuths measured clockwise from True South:

1. 311° 43' 19" 44.04 feet along the
southwesterly side
of Piilani Highway,
F.A.P. No. R.F.-
031-1(5);
2. Thence over and across a portion of Lot 1 of Aina Kihei Partners Large-Lot Subdivision on a curve to the left having a radius of 30.00 feet, the chord azimuth and distance being:

- | | | | | |
|----|---|-----|-------|---|
| | 56° | 43' | 24.5" | 15.53 feet; |
| 3. | 41° | 43' | 19" | 86.50 feet over and
across same; |
| 4. | Thence over and across same on a curve to the left
having a radius of
60.00 feet, the
chord azimuth and
distance being: | | | |
| | 27° | 16' | 39.5" | 29.93 feet; |
| 5. | 102° | 50' | | 31.64 feet over and
across same; |
| 6. | 172° | 51' | 30" | 20.93 feet along Lot 2 of
Aina Kihei Partners
Large-Lot
Subdivision; |
| 7. | 221° | 43' | 19" | 117.00 feet along same; |
| 8. | Thence along same on a curve to the left having a radius
of 30.00 feet, the
chord azimuth and
distance being: | | | |
| | 206° | 43' | 14.5" | 15.53 feet to the point
of beginning and
containing an area
of 5,151 square
feet, more or less. |

as per survey of Warren A. Suzuki, Registered Professional Surveyor, Certificate No. 5073, dated October 18, 1988.

10. **GRANT**

In Favor Of: Maui Electric Company, Limited, and GTE
Hawaiian Telephone Company Incorporated
Dated: September 12, 1988
Book: 22452
Page: 524
Purpose: Easement for electrical and telecommunications
transmission purposes over, across, through
and under a portion of the land herein
described

11. **GRANT**

In Favor Of: Maui Electric Company, Limited, and GTE
Hawaiian Telephone Company Incorporated
Dated: September 14, 1988
Book: 22452
Page: 532
Purpose: Easement for electrical and telecommunications
transmission purposes over, across, through
and under a portion of the land herein
described

12. **GRANT**

In Favor Of: McCaw Cablevision Limited Partnership Maui
County/Hawaii
Dated: _____
Book: _____
Page: _____
Purpose: Easement for cable television transmission
purposes over, across, through and under a
portion of the land herein described

13. The terms and provisions of that certain Subdivision Agreement (Large Lots) dated September 12, 1988, made by and among Aina Kihei Development, Aina Kihei Partners, and the County of Maui, Department of Public Works, recorded in the Bureau of Conveyances of the State of Hawaii in Book 22460 Page 182, to which reference is hereby made.

END OF EXHIBIT "D"

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
A-1	84.68 x 12 months =	\$1,016.16
A-2	84.68 x 12 months =	\$1,016.16
B-1	83.73 x 12 months =	\$1,004.76
B-2	83.73 x 12 months =	\$1,004.76

[] Revised on _____

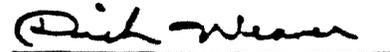
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

KIHEI VILLAGE
PHASE I
PROPOSED OPERATING BUDGET

<u>DISBURSEMENTS</u>	<u>MONTHLY</u>	<u>ANNUAL</u>
MANAGERS APT. EXP.	\$ 750	\$ 9,000
AUTO ALLOWANCE	-0-	-0-
MAINTENANCE/REPAIRS	290	3,480
SUPPLIES/EQUIPMENT	265	3,180
GROUNDS MAINTENANCE	1,152	13,824
REFUSE COLLECTION	384	4,608
T. V. CABLE	914	10,968
ASSOCIATION TELEPHONE	26	312
ELECTRIC	290	3,480
WATER/SEWER	2,500	30,000
MANAGEMENT	896	10,752
SALARIES & WAGES	1,200	14,400
PAYROLL TAXES	192	1,584
TDI/WORKMEN'S COMP.	108	1,296
HEALTH INSURANCE	75	900
FIRE/LIABILITY INS.	1,180	14,160
TAX FILING/AUDIT	80	960
OTHER PROF. SERVICES	40	480
CONTINGENCY RESERVE	500	6,000
MISCELLANEOUS	50	600
<hr/>		
TOTAL DISBURSEMENTS	\$10,832	\$129,984

I Dick Weaver, CPM, President of Oihana Property Management & Sales, Inc., hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared by me in accordance with generally accepted accounting principles.

Prepared September 28, 1987


DICK WEAVER, CPM

I, JAMES G. LEE, CPM, hereby certify that the above estimates of initial maintenance fee assessments and disbursements were prorated as listed below by me in accordance with generally accepted accounting principles. Prepared October 23, 1987:

Monthly Maintenance Fees

A Units:	\$ 84.68
B Units:	\$ 83.73

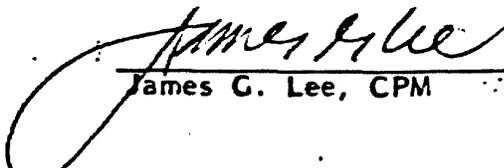

James G. Lee, CPM

EXHIBIT "F"

WARRANTY OF COMPLETION OF CONSTRUCTION IN SUBSTANTIAL
CONFORMITY WITH APPROVED PLANS AND SPECIFICATIONS

Property Location:

Purchaser(s)/Owner(s):

For good and valuable consideration the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his (their) successors or transferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variation therein) which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans Affairs on which the Federal Housing Commissioner or the Administrator of Veterans Affairs based his valuation of the dwelling: Provided, however, that this warranty shall apply only to such instances of substantial nonconformity as to which the Purchaser(s)/Owner(s) or his (their) successors or transferees shall have given written notice to the Warrantor at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of the original conveyance of title to such Purchaser(s)/Owner(s) or the date of initial occupancy of the dwelling, whichever first occurs: Provided further, however, that in the event the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of completion or initial occupancy of such dwelling, whichever first occurs.

The term "dwelling" as used herein shall be deemed to include all improvements or appurtenances set forth in the plans and specifications upon which the Federal Housing Commissioner or the Administrator of Veterans Affairs has based his valuation of the property, excepting those constructed by a municipality or other governmental authority.

This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/Owner(s) may have under any other law or instrument, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Purchaser(s)/Owner(s), and shall be binding on the Warrantor notwithstanding any provision to the contrary contained in the contract of purchase or other writing executed by the Purchaser(s)/Owner(s) heretofore or contemporaneously with the execution of this agreement or prior to final settlement.

IN TESTIMONY WHEREOF, the Warrantor has signed and sealed this warranty this _____ day of _____, 19__.

(Warrantor's Address)

By _____ (Seal)
Warrantor (Signature and Title)

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Administrator of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and verified that he is authorized to execute the same by the Warrantor and by his signature the Warrantor is duly bound under the terms and conditions of said warranty.

WARNING

Section 1010 of Title 18, U.S.C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of--influencing in any way the action of such Administration--makes, passes, utters, or publishes any statement, knowing the same to be false--shall be fined not more than \$3,000 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud as intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Administrator of Veterans Affairs.

NOTICE TO PURCHASER: ANY NOTICE OF NONCONFORMITY MUST BE DELIVERED TO THE WARRANTOR NO LATER THAN _____, as to the dwelling unit, and _____, as to the common elements. (Warrantor shall insert date 1 year or 2 years from initial occupancy, date of conveyance of title or date of completion, whichever event is applicable.)

Receipt of this warranty is acknowledged this _____ day of _____, 19__.

END OF EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF PERTINENT PROVISIONS OF
THE SALES CONTRACT

The Sales Contract sets forth the time for and the amount of all payments toward the purchase price and all costs which are the purchaser's obligation. Prior to the issuance of a Final Report, the sales contract operates as a reservation only and may be cancelled by either Developer or Purchaser. A separate written affirmation of the sales contract must be signed by both parties after the final report is issued to convert the reservation into a binding contract. The documents also provide, in effect, that a Purchaser shall be entitled to a refund of his or her funds, and escrow shall make such refund if:

(a) Escrow receives a written request from Developer to return to purchaser the funds of such purchaser then held by Escrow; or

(b) If a purchaser's funds were obtained prior to the issuance of a Final Public Report and a request for refund is made prior to the issuance of the Final Public Report or prior to the time the parties sign a separate written affirmation of the Sales Contract; or

(c) If a purchaser's funds were obtained prior to the issuance of a Final Public Report, and, the purchaser notwithstanding the execution by the parties of a written affirmation of the Sales Contract, exercises his or her right to cancel the Sales Contract at a time prior to the earlier of (1) the conveyance of the apartment to the purchaser, or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report, provided that the purchaser has not previously waived his or her right to cancel; or

(d) If a purchaser's funds were obtained after the issuance of a Final Public Report and the purchaser exercises his or her right to cancel the Sales Contract at a time prior to the earlier of (1) the conveyance of the apartment to purchaser or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report, provided, however, that the purchaser has not previously waived his or her right to cancel; or

(e) A purchaser cancels the Sales Contract because there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for such purchaser's use, unless the purchaser has waived his or her right of cancellation or deemed to have waived such right.

The Sales Contract contains the Developer's promise to complete the Project no later than two years from the date that a Final Public Report is issued. The 2-year period is subject to extensions of time for the occurrence of events outside of the Developer's control which make performance by the Developer within this period impossible as a matter of Hawaii law.

The Sales Contract also provides that by executing a Sales Contract, the purchaser thereby: (1) warrants that he or she has the ability to pay the purchase price for the apartment either from his or her own funds and/or the proceeds of a loan that the purchaser promises he or she can obtain; (2) acknowledges and agrees that obtaining

such a loan is the purchaser's sole responsibility, even if the Developer has made arrangements with a lender generally to provide financing; and (3) acknowledges and agrees that all mortgage liens and other security interests obtained by the construction lender in connection with a construction loan (as well as any extensions, renewals and modifications of that loan) will be and remain at all times a lien or charge on the Project prior and superior to any and all liens or charges arising from the Sales Contract or any other sale and/or reservation agreement with the purchaser. In addition, the specimen Sales Contract contains provisions which: (1) permit the Developer to keep the purchaser's payment deposits under certain circumstances if the Developer cancels a contract due to purchaser's default; (2) provide for "preclosing" of the Sales Contract; (3) provide the Developer with certain rights to modify the Condominium Documents; (4) provide that all interest earned on purchaser's funds will belong to the Developer; (5) limit warranties the purchaser will receive; (6) limit assignment of the Sales Contract; and (7) cover many other important matters that are not described in this Report.

By executing a Sales Contract, each prospective purchaser will consent and agree to the incremental development of this overall Project and the merger of this Project with other increments and will consent and agree to execute such additional documents and to do such other things necessary therefor. Purchaser's execution of a Sales Contract shall operate as an appointment of the Developer as a purchaser's attorney-in-fact to execute such documents and do such other things as are necessary or convenient for the incremental development of the overall project.

END OF EXHIBIT "G"

EXHIBIT "H"
ESCROW AGREEMENT SUMMARY

The Escrow Agent sets forth that the Escrow Agent for the Kihei Villages Phase I condominium project is Security Title Corporation. As such, Security Title Corporation will be responsible for the handling of purchase money for the apartment sales. The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust, as well as the retention and disbursement of this trust fund. According to the Agreement, down payment funds may not be released from escrow for the payment of development and construction costs, even though such use is permitted under Horizontal Property Act.

The Escrow Agreement also sets forth the duties and responsibilities of the Escrow Agent with respect to closing apartment sale transactions. Among other things the Escrow Agent shall be responsible for:

- (a) coordinating with the mortgage lenders of various purchasers, especially those primary institution(s) which have issued commitments to make apartment purchase money loans;
- (b) coordinating with title search and title insurance companies to see that the requisite title searches and title insurance documents are obtained to effect closings;
- (c) coordinating the signing of documents in connection with "pre-closing" and actual "closing";
- (d) handling the recordation of all documents which must be recorded; and
- (e) handling the disbursement of funds in connection with the closing of apartment sales.

END OF EXHIBIT "H"