



**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
Grand Champions Villas II
Wailea, Kihei, Maui, Hawaii

Registration No. 1989

Issued: December 5, 1988
Expires: January 5, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 28, 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.
 - 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 (at Exh. N) Not Required -- disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the Commission.

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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 condominium apartment, including the apartment space and the undivided interest attributable to the apartment in all the Project common elements (including the Project land), and the other rights and exclusive and nonexclusive easements that go with the apartment, as described in the Declaration of Horizontal Property Regime.

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
<u>1 / 1R</u>	<u>18 / 16</u>	<u>1 BR, 2 Bath</u>	<u>908</u>	<u>161</u>
<u>2 / 2R</u>	<u>18 / 16</u>	<u>2 BR, 2 Bath</u>	<u>1056</u>	<u>125</u>
<u>3 / 3R</u>	<u>8 / 6</u>	<u>2 BR, 2 Bath</u>	<u>1383</u>	<u>315</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 82

*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)	<u>82</u>
Guest Stalls	_____
Unassigned Stalls	<u>26</u>
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>108</u>

7. Recreational amenities:
See page 12.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Grand Champions Villas Venture Phone: (808) 879-0664
Name (Business)
161 Wailea Ike Place
Business Address
Wailea, Kihei, Maui, Hawaii 96753

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

Karl O. Bergheer: President, Bergheer Wailea, Inc.
Alan Greinetz: Executive Vice-President, GCR Wailea, Inc.
Tsutomu Shimizu: President, SC Wailea, Inc.
Takeshi Sekiguchi: President, SEK Corp.

Real Estate Sales Agent: Wailea Realty Corporation Phone: (808) 879-1991
Name (Business)
3750 Wailea Alanui
Business Address
Wailea, Kihei, Maui, Hawaii 96753

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813 Wailuku: (808) 244-7924
(Wailuku, Maui office: 2103 Wells Street,
Wailuku, Maui, Hawaii 96793)

Managing Agent: Destination Resort Management, Inc. Phone: (808) 879-1595
Name (Business)
3750 Wailea Alanui (808) 367-5246
Business Address
Wailea, Kihei, Maui, Hawaii 96753

Attorney for Developer: James H. Watson; WAGNER, WATSON & DiBIANCO
Name
737 Bishop Street, Suite 2480
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 _____ Page _____
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

Not applicable

- 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. _____
 Filed — Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

Not applicable

- 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 _____ Page _____
 Filed — Land Court — Document Number _____

Amendment date(s) and recording/filing information:

Not applicable

- 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 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%; see Exhibit A.</u>
Bylaws	65%	<u>67%; see Exhibit A.</u>
House Rules	—	<u>No specific percentage; see Exhibit A.</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:

See Exhibit A.

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: Wailea Ike Place Portion of
Wailea, Kihei, Maui, Hawaii 96753 Tax Map Key: 2-1-08-042 (Second
(TMK) Div.)

Address TMK is expected to change because street number will be assigned and tax department will eventually reflect recent subdivision in the TMK number.

Land Area: 4.859 square feet acre(s) Zoning: A-2

Fee Owner: Grand Champions Villas Venture
name
161 Wailea Ike Place
address
Maui, Hawaii 96753

Sublessor: Not Applicable
name
address

C. Buildings and Other Improvements:

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

2. Buildings: 9 Residential Floors Per Building: 2
 Exhibit B contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

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>82</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input checked="" type="checkbox"/> Other: <u>Uses incidental to rentals</u>	_____		_____

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:

- Overall Wailea covenants allow a reasonable number of generally recognized
- [X] **Pets:** house pets, but Project Board may prohibit or otherwise make policy on pets subject to §514A-82.5, Hawaii Condominium Law. No commercial breeding of
- [] **Number of Occupants:** _____ animals.
- [X] **Other:** See Exhibit C
- [] **There are no special use restrictions.**

6. Interior (fill in appropriate numbers):

Total Apartments 82

Elevators	<u>None</u>	Stairways	Exterior from <u>ground to upper</u> floors--each building	Trash Chutes	None. Outside <u>receptacles used.</u>
Apt. Type	Qty	BR/Bath	Net Living Area*		Lanai/Patio
<u>1 / 1R</u>	<u>18 / 16</u>	<u>1 BR, 2 Baths</u>	<u>908</u>		<u>161</u>
<u>2 / 2R</u>	<u>18 / 16</u>	<u>2 BR, 2 Baths</u>	<u>1056</u>		<u>125</u>
<u>3 / 3R</u>	<u>8 / 6</u>	<u>2 BR, 2 Baths</u>	<u>1383</u>		<u>315</u>
_____	_____	_____	_____		_____
_____	_____	_____	_____		_____
_____	_____	_____	_____		_____

*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: See Exhibit D

Permitted Alterations to Apartments: See Exhibit E

7. Parking Stalls:

Total Parking Stalls: 108

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	<u> </u>	<u>75</u>	<u> </u>	<u>7</u>	<u> </u>	<u> </u>	<u>82</u>
Guest Unassigned	<u> </u>	<u>14</u>	<u> </u>	<u>12</u>	<u> </u>	<u> </u>	<u>26</u>
Extra Available for Purchase	<u> </u>						
Other:	<u> </u>						
Total Covered & Open	<u> </u>	<u>89</u>	<u> </u>	<u>19</u>	<u> </u>	<u> </u>	<u> </u>

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.

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

8. Recreational and Other Common Facilities:

[] There are no recreational or common facilities.

[] Swimming pool

[] Storage Area

[] Recreation Area

[] Laundry Area

[] Tennis Court

[] Trash Chute

[X] Other: See page 17, paragraph K. Upon merger with Phase I, the swimming pools, and spas, and recreation buildings will be common facilities partly owned by and used by Phase II owners. Since such recreational facilities are all located on the Phase I land, if there is no merger, such recreational facilities will not be common elements available for use by Phase II. In the vicinity of the Project but not part of the Project: the Wailea Resort, including beaches, tennis courts, golf courses and restaurants. Apartment owners make their own arrangements for use of Wailea Resort facilities. Arrangements are not automatic with apartment ownership.

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

Not Applicable.

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

Not Applicable.

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	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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

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

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

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

Exhibit H describes the encumbrances against the title contained in the title report dated October 3, 1988.

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.

[XX] 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>
(1) Construction Loan Mortgage, Security Agreement and Financing Statement in favor of First Hawaiian Bank and The Industrial Bank of Japan, Limited, and	The Buyer's Purchase Agreement is subordinated to the blanket lien of the construction loan mortgage on the Project land, and that lien is also prior to the condominium Declaration because of earlier recording. Foreclosure of this lien could terminate the Purchase Agreement and the condominium status. The second mortgage is also prior to the Declaration, but the second mortgage provides that it is junior to the interest and right of any purchaser under a written purchase*
(2) Second Mortgage, Security Agreement and Financing Statement in favor of SC Wailea, Inc. and S.C. Properties (Hawaii), Inc. Also encumbers the adjacent additional increment area (Lot 337). (Please see Exhibit I.)	

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 _____

**The selected initial managing agent for the project must register with the Hawaii Real Estate Commission before acting as such agent. Application for registration is in process.

*agreement for an apartment in the condominium project if such purchaser shall have paid at least the initial deposit of not less than \$5,000.00. Both mortgage loans are primarily for Phase I construction, for which Phase II land was used as additional security. The Developer expects to pay them off from Phase I sales proceeds and a Phase II construction loan that will have partial release terms for apartments. Please see Exhibit I.

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 One contains a schedule of maintenance fees and maintenance fee disbursements by apartment number. See also the current Disclosure Abstract at Exhibit N for estimated Project Budget and maintenance fees by apartment type.

1. 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 (Common elements only)
- Television Cable
- Gas
- Water & Sewer
- Other Refuse collection

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 paragraph 5 in Disclosure Abstract and paragraphs 30 and 30A of Purchase Agreement (or Addendum). The construction contract for Phase II has not been finalized as of issuance of this Preliminary Report, and the anticipated general contractor's warranties will be stated in writing in such contract. When that contract is signed, the Developer expects that it may contain warranty provisions similar to those for Phase I, which are as follows. General contractor makes overall warranty and specific correction warranty. Both begin at Substantial Completion date for work warranted. Such dates vary for different Project buildings and other parts. Overall warranty expires by Hawaii Statute of Limitations. Specific correction warranty lasts one year.

The construction contract budget contains a reserve for certain corrective warranty work by the general contractor after Substantial Completion. The leftover and unneeded portion of the reserve, if any, will be refunded to the Developer at the end of the contractor's one-year specific correction warranty period.

Residential buildings and some common elements also intended to have Home Owners Warranty (HOW) Program, which overlaps others in part and has different time and scope and coverage. HOW information is available from Developer. Developer makes no implied warranties on building and improvements. Incidental and consequential damages are excluded. Acceptance of this Public Report is acceptance of warranties.

2. Appliances:

Developer intends to assign manufacturers' or distributors' warranties to Buyer. Commencement and period set by manufacturer. Developer separately warrants Standard Appliances identified in Purchase Agreement and plumbing and electrical fixtures only as to good working order consistent with age and prior use if any as of closing, and only to original buyer. General contractor's warranties or HOW Program identified above may cover some fixtures, equipment, and appliances. Implied warranties on certain "consumer products" are limited in duration and other implied warranties are excluded. Incidental and consequential damages are excluded. See paragraph 5 of Disclosure Abstract and paragraphs 30 and 30A of Purchase Agreement (or Addendum).

J. Status of Construction and Estimated Completion Date:

Construction is estimated to commence in January 1989.

Estimated completion is approximately June 1990.

Separate buildings may be completed at different times and may be delivered in sequence as completed.

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 owns and is developing an adjacent parcel (Lot 337) containing approximately 7.356 acres, lying immediately east of the Project land (Lot 336). The Developer intends to build up to 106 additional apartments as Phase I on Lot 337, of a design similar to those on Lot 336, but may make changes in Phase I subject to the terms of the Phase I Declaration. Also subject to the Phase I Declaration and to the Project Declaration, the Developer may merge Phase II with Phase I. The main recreational facilities, consisting of two swimming-pool-and-spa facilities with recreation buildings, will be built as part of Phase I. The Developer reserves the right not to build Phase II, to build Phase I but not merge it with Phase II, and to withdraw the area reserved for Phase II. See Exhibit J for more information about the phased development and merger.

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

Escrow Agreement dated October 25, 1988

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

Other Specimen Apartment Deed and other documents as listed on the Notice of Intention dated September 12, 1988, and documents mentioned in paragraph B, page 19.

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 Disclosure Abstract, W.C.A. Declaration of Covenants and Restrictions, Additional Declaration, Master Deed to the Developer, Apartment Deed, Condo-*
- 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.

*minimum Management Agreement, W.C.A. Charter and By-Laws, and Condominium Map.

This Public Report is a part of Registration No. 1989 filed with the Real Estate Commission on October 26, 1988.

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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 One

ESTIMATE OF INITIAL MAINTENANCE FEES

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee*</u>	<u>x</u>	<u>12 months</u>	<u>=</u>	<u>Yearly Total*</u>
107-108, 113-116, 121-122, 125-126, 131-132, 135-136, 141-142, 145-146, 151-152, 157-158, 161-162, 167-168, 171-172, 177-178, 181-182, 187-188 (Type 1 and 1R)	\$186.89	X	12	=	\$2,242.68
109-112, 117-120, 127-130, 137-140, 147-150, 155-156, 163-166, 173-176, 183-186 (Type 2 and 2R)	\$206.47	X	12	=	\$2,477.64
123-124, 133-134, 143-144, 153-154, 159-160, 169-170, 179-180 (Type 3 and 3R)	\$296.85	X	12	=	\$3,562.20

*Monthly fee and yearly total are amounts for each of the apartments listed by number.

See Disclosure Abstract at Exhibit N also for budget and maintenance fee information. Maintenance fees may increase or decrease in connection with merger of an additional increment or withdrawal of the Project land from the plan of development that covers adjacent land in Phase I.

[] Revised on _____

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

EXHIBIT A
to
Condominium Public Report
Grand Champions Villas II

CHANGES TO CONDOMINIUM DOCUMENTS

The following provisions in the Declaration or By-laws (as indicated) apply to the minimum percentage or other calculation of apartment owners who must vote for or give written consent to changes in the Project condominium documents.

The purpose of this exhibit is to address only what percentage, if any, of apartment owners must approve certain changes. In some cases, the appropriate consent of the apartment owner or owners is not the only requirement in order to make a change. Other requirements may be stated in the Declaration or By-laws or in Chapter 514A of the Hawaii Revised Statutes or regulations of the Hawaii Real Estate Commission. Those other requirements are not repeated here, but in appropriate cases a general reference is made to others who must approve. Examples are consent or approval by other persons such as the Project Board of Directors, mortgagees, a design committee, or a governmental entity. Examples also include in some cases notices to the Board and lack of interference with orderly Project operation. A prospective apartment owner should read the Declaration and By-laws carefully for the full provisions referenced in this exhibit and should be advised concerning Chapter 514A.

A reference below to a percentage of owners means the aggregate percentage of common interests owned by such owners, not a number of owners counted by the number of separate persons who hold title to the condominium apartments. The changes addressed are changes in the stated Project documents, not changes in physical elements of the Project.

I. Project Declaration Provisions on Apartment Owners' Changes in Project Declaration, By-laws or Condominium Map.

References at the beginning of each paragraph below are to Sections, Paragraphs, and Subparagraphs of the Declaration.

1. Section I, Paragraph 1. Except for parking stall transfers and changes in connection with phased development of the Project, changes to an apartment's common interest and appurtenant easements require the consent of all owners of apartments affected thereby.

2. Section I, Paragraph 2. Consolidation of two apartments or subdivision of a previously consolidated apartment requires consent of the owner or owners of the apartment(s) (and others).

3. Section I, Paragraph 4. Two or more apartment owners by mutual agreement may exchange their designated exclusive parking stalls.

4. Section R, Paragraph 6. If a decision is made to eliminate an apartment when rebuilding or restoring Project buildings after damage or destruction, the common interest and other rights of the remaining apartment owners are adjusted by amendment of the Declaration and all of the apartment owners affected (and others) must consent, including any owner whose common interest is altered.

4a. Section S. Whenever any Project improvement is substantially destroyed by any casualty not required in the Declaration or By-laws to be insured against, such improvement shall be rebuilt, repaired or restored unless seventy-five percent (75%) of the owners execute an instrument expressing their decision not to rebuild, repair or restore.

4b. Section T, 3rd Grammatical Paragraph. Repair or rebuilding of an apartment after a portion of it is taken by condemnation requires approval of the repaired/rebuilt plan by the apartment owner (and others).

5. Section U. The decision to rebuild or restore the Project with fewer than all of the apartments after casualty or condemnation requires consent of all the apartment owners (and others).

6. Section V, Paragraph 1. Except as otherwise provided in the Declaration, repair, restoration or replacement of the Project or of any building, swimming pools, spa or other recreational facility, or construction of any additional building or structural alteration or addition to any structure, any of which is materially different from the Condominium Map, or any work that could jeopardize the soundness or safety of the Project property, reduce the value of the Project property, or impair any easement or inheritable right or thing of any apartment owner, requires consent of seventy-five percent (75%) of the apartment owners and consent of all apartment owners whose apartments or limited common elements are directly affected by such action (and others).

7. Section V, Subparagraph 1a. A non-material structural addition to the common elements as defined in Section V, Paragraph 7, or an addition or alteration within an apartment or within a limited common element, requires approval of the apartment owner (and others) (and requires an amendment of the Declaration or Condominium Map only if necessary to reflect the change accurately).

8. Section V, Subparagraph 1b. Altering or removing a common wall between two apartments requires approval of the owners of the two apartments and by all the other apartment owners directly affected by the alteration or removal (and others).

8a. Section V, Paragraph 4. Except for additions and alterations pursuant to the Developer's reserved rights, alterations and additions by the Board of Directors costing over \$5,000.00 require approval from a majority of apartment owners.

9. Section W. Generally, amendments to the Declaration require consent of seventy-five percent of the apartment owners, except as otherwise provided in the Declaration or the condominium law. An exception is that if the amendment is to a provision that requires a certain percentage of votes necessary for an action to be taken or not taken, then at least that percentage of votes must approve amendment of that provision.

Some provisions mentioned above are covered because the change to physical parts of the Project would entail changes to the Condominium Map. For other provisions involving physical changes to the Project or approval by the Board or other persons, and not covered above or below in this Exhibit, see Section J, Paragraph 3; Section R, Paragraphs 2, 3, and 5; Section T, second grammatical paragraph; and Section V, paragraphs 3 and 5. See also By-laws Article VIII, Section 2(I).

II. Project By-laws Provisions on Apartment Owners' Consents to Changes in Project Declaration, By-laws or Condominium Map.

References at the beginning of each paragraph below are to Articles, Sections, and Paragraphs of the Project By-laws.

A. Article IV, Section 11, Paragraph (D). By-law amendments must retain statutory by-law requirements in Section 514A-82, Hawaii Revised Statutes.

B. Article IV, Section 11, Paragraph (E). A resolution of the Association may disapprove changes in rules and regulations adopted by the Board of Directors. Such a resolution would require first, a quorum of apartment owners, which is a majority of the apartment owners, in order to act, and then consent by a majority of that quorum.

C. Article IV, Section 11, Paragraph (Q). Seventy-five percent of the apartment owners must approve a Board decision to change the use of the project common elements.

D. Article IV, Section 11, Paragraphs (R) and (S). Seventy-five percent of the apartment owners must approve having a lease for more than five years of any common elements that are not actually used by any of the apartment owners for an originally intended special purpose as determined by the Board of Directors. Leasing or otherwise using for the benefit of the Association common elements not covered by the preceding sentence requires approval by seventy-five percent of the apartment owners, including all directly affected owners, and of all owners of apartments to which such common elements are appurtenant in the case of a limited common element (and others).

E. Article XI, Section 9. Seventy-five percent of the owners must approve incorporation of the Association as a non-profit membership corporation.

F. Article XI, Section 15. Generally, amendments to the By-laws require approval by at least sixty-seven percent (67%) of the apartment owners (and others), but no amendment of Section 15 itself is allowed to decrease the sixty-seven percent (67%) required to make amendments.

III. Developer's Reserved Rights to Change the Declaration, Condominium Map, By-laws or House Rules.

References at the beginning of each paragraph below are to Sections in the Project Declaration.

(a) Declaration Section W. At any time before an apartment title is conveyed to someone other than the developer, the developer's successor or the developer's mortgagee, the developer may amend the Declaration, By-laws, Condominium Map, and Project Rules and Regulations without consent of any other person.

(b) Declaration Section W. Until legal titles to all of the apartments have been conveyed to someone other than the developer, the developer's successor, or the developer's mortgagee (even if some of the apartments have been conveyed), the developer may amend the Declaration, By-laws, Condominium Map or Project Rules and Regulations without anyone else's consent, if the amendments are required by law, the Hawaii Real Estate Commission, a title insurer of the Project or any apartment, the person who sold the Project land to the developer if that person holds a mortgage on the land, any institutional lender whose loan is secured by the Project or any apartment, any Hawaii or federal government agency, or any other State or foreign jurisdiction where the Project may be marketed or sold. If, however, such an amendment would change an apartment's common interest or substantially change the design, location or size of an apartment or a Project apartment building, then the persons having an ownership interest in that apartment or in any other apartment in the same building must consent.

(c) Declaration Section W. Regardless of the other requirements to satisfy before the developer can make amendments and regardless of whether any or all apartments have been sold or conveyed, the developer may amend the Declaration and the Condominium Map without anyone else's consent to do the following: (1) Make the customary amendment to give the Project architect's or engineer's certificate that the final plans filed with the Hawaii Real Estate Commission (including plans filed with the certificate showing immaterial changes) accurately show the layout, location, numbers, and dimensions of the apartments, and elevations of the buildings as they have been built, (2) to carry out the phased development of the Project, (3) to reassign, renumber and change parking stalls and mail boxes pursuant to the developer's rights to do so under the Declaration, and (4) to exercise the developer's reserved rights to make

modifications to apartments (under paragraphs H-8A for sales offices and V-6 or otherwise).

(d) Declaration Section C. The developer and the developer's affiliates retain the rights to reassign the parking stalls for apartments not conveyed to other persons, to make any of the guest stalls handicapped stalls, to make designated handicapped stalls (if any) guest stalls, and to exchange parking stalls with other owners, all without any apartment owner's consent.

(e) Declaration Section K. The developer reserves extensive rights to make changes in order to do phased development and to merge the Project with one or more increments on adjacent property. These rights are described in Section K of the Declaration, and a prospective purchaser is advised to read that section carefully. The rights reserved include but are not limited to the right to file a Certificate of Merger, which is an amendment to the Declaration, changing the percentage common interest for all of the apartments, including apartments already sold and conveyed, without anyone else's consent, to amend the Declaration to file Architect's or Engineer's Certificates on the additional phase or phases, to consolidate the two parcels of land and all the improvements in the phases, and remove, amend, add to, redesign, alter or add common elements to Phase II (the Project covered by this public report), to make the additional phase or phases different from Phase II to the extent provided in Section K, to consolidate the Declarations for such phases into one Declaration, and to withdraw the adjacent land from the Declaration's plan of development.

(f) Declaration Section H, Paragraph 8A. Rights reserved to the Developer to change the Condominium Map in connection with changes to apartment configurations and buildings for sales office use require no consent of apartment owners.

(g) Declaration Section V, Paragraphs 6 and 1. The Developer may reconfigure apartments without consent of the Board or other owners, before the "as-built" certificate is issued on the building containing the apartments. Subject to some limitations, the reconfigurations may be extensive, including changes in or removal of layout, interim walls, dividing common walls, and interior fixtures. The reserved rights include the right to amend the Condominium Map and plans. The Developer also has the same rights to make changes as other owners under other parts of Section V.

EXHIBIT B
to
Condominium Public Report
Grand Champions Villas II

DESCRIPTION OF BUILDINGS.

1. General Description. Nine (9) separate buildings containing the eighty-two (82) condominium apartments are designated on the Condominium Map as Buildings 12 through 20.

2. Construction Materials. Each building will be constructed principally of wood, aluminum, tile, concrete, plaster, and related building materials. Each such building will be situated on concrete pier footings and continuous concrete foundation walls. Roofs of the buildings will consist of wood shakes (sloped areas) and built-up composition roofing (flat areas).

3. Building Description. Building 17 includes six (6) apartments, Buildings 12, 13, 15, 18 and 20 include eight (8) apartments each, and Buildings 14, 16 and 19 include twelve (12) apartments each, and all are two-story structures.

Each apartment is a single-story apartment. In the buildings, which are all two-story, each floor contains the same number of apartments. Each vertical row of apartments has the same floor plan type.

The Condominium Map refers to the apartments in Buildings 12-20 as "lanai" units. The buildings are also designated as buildings types A, B, or C, depending upon the arrangement of apartments within the buildings and the respective building elevations, all as shown on the Condominium Map.

None of the buildings will contain a basement. Refuse facilities (trash enclosures) will be outside the buildings. One or more small storage buildings may be located in the parking area and some of the buildings may have maid's storage cabinets attached to them, as shown on the Condominium Map.

4. Orientation. The Project's main two-lane driveway with parking spaces runs roughly east-west through the approximate center of the Land with one end of the driveway crossing a portion of the Land's easternmost boundary. Buildings 12 through 20 are arranged on both sides of the driveway and are numbered clockwise, starting with Building 12 just south of the driveway entrance at the east end of the Land, to Building 16 at the west end of the Land, to Building 20 just north of the driveway entrance back at the east end of the Land. Apartment decks and lanais of the buildings will face outward toward the Land boundaries. Apartment decks and lanais of the buildings will face roughly north, west or south as shown on the Condominium Map, depending upon the orientation of the particular building.

EXHIBIT C
to
Condominium Public Report
Grand Champions Villas II

USES OF APARTMENTS AND PROJECT COMMON ELEMENTS

A. PROJECT DECLARATION. The Declaration of Horizontal Property Regime provides in Section J:

1. General Purposes; No Timeshare Sales. The apartments shall be occupied and used only for permanent or temporary dwelling purposes and may be utilized for long-term or transient rentals.

Notwithstanding the foregoing, until sales of all the apartments in Phase II of the Project and in any additional phases that are intended to be merged with Phase II are closed, no apartment owner, including successors and assigns of such apartment owner, shall enter into a rental pool arrangement or agreement. "Rental pool" includes, but is not limited to, any arrangement or agreement under which an apartment owner receives a share of proceeds from an aggregate of proceeds from apartments; "rental pool" does not include a non-aggregated, separate arrangement or agreement for the owner's individual apartment.

Notwithstanding the foregoing, there shall be no time share plans of any kind established, set up, developed, or otherwise existing for sales or transfer of interests or of use rights or privileges in the apartments or Project. The term "time share plan" is defined in Section J, Paragraph 1 of the Declaration.

Permitted transient rentals and occupancies are to be distinguished from the prohibited time share use.

Subject to the foregoing limitations, the owners of the respective apartments, including the Developer and any affiliate thereof as to any number of apartments retained, shall have the absolute right to retain, sell or otherwise transfer, rent or lease the same, including but not limited to rentals or permitted occupancies for any length of time.

2. General Limitations on Apartments and Limited Common Elements. No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the Project, and except as permitted in the Project Declaration or in the By-laws, no owner will allow anything to be done or kept in his apartment or elsewhere which will (i) jeopardize the soundness or safety of the Project land or any improvement in the Project or reduce the value thereof, or (ii) unreasonably interfere

with or disturb the rights of other owners or occupants, or (iii) obstruct any entrance, parking area, stairway, or walkway of the Project, or (iv) cause an increase in the rate of or result in the cancellation of fire or extended coverage insurance on the improvements of the Project or the contents thereof, (v) impair any easement or inheritable right or thing in connection with the Project property, or (vi) reduce the value of any improvement of the Project, the contents thereof, or the land of the Project.

3. Master and Additional Declarations. Each apartment owner's use and occupancy of the Project are subject also to all of the terms and provisions of a document called the Wailea Declaration of Covenants and Restrictions dated December 19, 1986, filed as Land Court Document No. 1427923 (the "Master Declaration"), and another document called the Additional Declaration dated December 22, 1986, filed as Land Court Document No. 1427924 (the "Additional Declaration"), and amendments and supplements to those documents. The Master Declaration and Additional Declaration control in any conflict with the Declaration of Horizontal Property Regime.

4. Balancing Uses; Special Board Powers. Each owner's use is balanced against lawful rights of other owners. Each apartment owner may use the common elements in accordance with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners; subject to the right of the Board of Directors, after any approvals required by law or by the Project Declaration, to change the use of, lease, use for the benefit of the Association, or otherwise deal with the common elements, and subject to the exclusive use of the limited common elements as provided by law or in the Project Declaration. The Board of Directors may determine or define the existing actual use of or intended purpose of the Project or common elements, considering all the permitted uses of the Project.

5. Use Incidental to Rentals. Subject to applicable zoning ordinances and private use restrictions, the apartment owners may use or the Board of Directors may authorize use of, the common elements for activities that are reasonably incidental to or necessary for the use and benefit of the permitted rentals of apartments, including but not limited to housekeeping, rental management, and other such reasonably incidental or necessary activities.

Owners are encouraged to read and understand Section J.

B. HOUSE RULES AND PROJECT BY-LAWS. Article VIII, Section 2 of the Project By-laws and the House Rules contain additional specific restrictions on use.

Among the use provisions in the By-Laws are the following:

1. No posting of advertisements, posters or signs on the Project.

2. Required exercise of extreme care about disturbing noises.

3. Restriction of children's play to areas intended for such use. Stairways, corridors and parking areas are not intended for such use. Other areas may also not be intended for such use.

4. No overloading of floors, walls or roofs, and no activity that would increase insurance rates.

5. No additions or alterations except in accordance with plans and specifications prepared by a licensed architect if required by the Board, and in accordance with the Master Declaration, the approval of the Wailea design committee, and approval of a majority of apartment owners including all owners of apartments directly affected by the work. "Directly affected" owners must show unreasonable and adverse effect, to the satisfaction of the Board and with reasonable certainty, in order to prevent such approval.

6. No decorating or landscaping of any apartment entrance or other part of the Project except in compliance with standards and plans approved by the Board.

7. No installation of electrical wiring, machines or air conditioners, and no antennas.

8. Establishment of pet policy by the Board.

The Project By-laws contain other use provisions, and the Project House Rules contain numerous specific provisions, all in addition to the terms stated above. Every owner should be aware of the use provisions in the By-laws and in the House Rules in addition to the other use terms. Owners are especially encouraged to read and understand all of the By-laws and all of the House Rules.

C. WAILEA MASTER DECLARATION AND ADDITIONAL DECLARATION. Article V of the Master Declaration identified in paragraph A-3 of this exhibit above also contains various specific use restrictions.

Among the Master Declaration restrictions are the following requirements and restrictions:

1. To maintain the Project land in a strictly clean, sanitary and orderly condition, without any unlawful, improper, or offensive use and without permitting any tall weeds or grass, litter or debris on the Land, or any fire, safety or health hazard.

2. To plant and maintain vegetation to prevent soil shifting or erosion.

3. To avoid noxious or offensive activities, including no exterior sound devices.

4. No mobile home, travel trailer, truck camper, house trailer or stripped down, wrecked or junk motor vehicle may be kept, parked, stored or maintained on the Project. Any vehicle bearing commercial names or insignia must be enclosed or screened from view except for

temporary delivery parking. Boats and boat trailers must be fully enclosed. No dune buggies or similar vehicles may be operated or driven on the Project.

5. Outside clotheslines or clothes washing, drying or airing must not be visible from neighboring properties or roads.

6. Partially or totally destroyed improvements must be fully repaired, reconstructed or removed within 6 months from destruction or a reasonably longer time as necessary to complete the work with diligence and continuity, plus additional time necessitated by reasons beyond the owners' control (other than financial inability). Cleaning of debris, re-landscaping, and restoration of pre-destruction grade, including filling in excavations, are required after removal of destroyed improvements.

7. Satellite dishes or similar facilities and exterior antennae of any sort must have the Wailea Design Committee's prior approval. Activity that interferes with television or radio reception in Wailea is prohibited.

8. All exterior colors must have the Wailea Design Committee's prior approval. The Design Committee controls colors.

9. "For sale" and "for rent" signs are prohibited on the Project except for the Developer's Project "for sale" signs that comply with specified requirements.

10. No construction work on the Project is permitted without prior coordination with and approval by the Wailea Design Committee obtained according to procedures stated in the Master Declaration.

11. No exterior fires except barbecue and incinerator fires that are in facilities, receptacles and areas first approved by the Wailea Design Committee.

The Master Declaration contains other use provisions besides the ones stated above.

The Additional Declaration identified in paragraph A-3 of this exhibit above also restricts use to a resort condominium project containing no more units than the Developer has planned for the project.

Owners should read and understand all of the Master Declaration and the Additional Declaration.

USE PROVISIONS ARE AN IMPORTANT PART OF PROTECTING PROJECT PROPERTY VALUES AND ENHANCING THE COMFORT AND ENJOYMENT OF THE PERSONS WHO OCCUPY OR USE THE PROJECT. PROSPECTIVE OWNERS ARE ENCOURAGED TO EXAMINE AND UNDERSTAND ALL OF THE USE-RELATED PROVISIONS.

EXHIBIT D
to
Condominium Public Report
Grand Champions Villas II

BOUNDARIES OF EACH APARTMENT

The boundaries are (1) the inner decorated or finished surfaces of the perimeter walls, party walls (between apartments), and interior load-bearing walls, and (2) the interior finished surfaces of the floors and ceilings. Reductions are not made for some areas within the apartment boundaries such as interior walls, ducts, and stairways. Measurements are approximate. Some things such as non-load bearing interior walls, windows and doors, and built-in appliances are considered parts of the apartments. Other things are excluded. See Section D, Paragraphs 1 and 4 of the Project Declaration for more detail.

EXHIBIT E
to
Condominium Public Report
Grand Champions Villas II

PERMITTED ALTERATIONS TO APARTMENTS

PROJECT DECLARATION. The Project Declaration of Horizontal Property Regime (the "Project Declaration") provides:

1. Section H, paragraph 8A -- Sales Office Alterations. The Developer reserves the right to alter the interiors of up to two apartments, adjacent or not, either before or after initial completion of construction, for sales office(s) use. The alterations may include differences in configuration of inside walls, built-in improvements, and fixtures, and removal or not building the dividing wall between any such two adjacent apartments, and may include alteration of the building exterior. No other's consent is necessary for such alteration, but the dividing wall between such adjacent apartments must be installed before separate ownership of the adjacent apartments is established.

2. Section J, paragraph 3 -- Apartment Owners' Alterations. Except as provided in the Project Declaration, By-laws, or the condominium statute, no apartment owner may, without written consent of appropriate persons, make any structural alterations within an apartment or its limited common elements, or make any alterations or additions to any building exterior or common elements. Appropriate persons to consent are the Board and anyone else whose consent is required by the Project Declaration or By-laws, by law, or by the documents applicable to the Project as part of the Wailea Resort. Those last-mentioned Wailea documents are the Master Declaration and Additional Declaration and are defined in Section J, paragraph 2A of the Project Declaration.

3. Section K, paragraph 6 -- Changes in Additional Phase. As long as there is reasonable compatibility with Phase II of the Project and compliance with applicable building codes and other laws, governmental permits and private restrictions and covenants, the Developer reserves the right to make Phases I and II different from each other. The differences may be differences in the design, layout, quality, size, materials, location, dimensions, elevations, and other aspects of the buildings, apartments, parking areas, and other improvements and landscaping. The differences also may include adding recreational facilities and different structures and omitting similar facilities and structures. The Developer also reserves rights to remove, amend, or add common elements and parking spaces in Phase I. The Developer reserves the right to determine the necessity for the differences and the compatibility between the phases, in the Developer's sole and absolute discretion.

4. Section K, paragraph 9 -- Easements for Construction and Sale of Other Phase. As long as use by any apartment owner other than the Developer of his apartment in Phase II is not materially impaired, the Developer reserves the right to remove, amend, add to, redesign, alter or add common elements in Phase II and to add, delete, relocate, realign, and grant all easements and rights of way in, over, under, on, through and across the Phase II common elements. Such activities are reserved for the benefit of Phase I, as necessary or desirable to service Phase I. The reserved rights may apply to easements and rights of way for utilities, drainage, cesspools, sanitary and storm sewers, sewage treatment plants, cable television, refuse, disposal facilities, plants and landscaping, driveways, parking areas, roadways, access (including public access), and other matters. The Developer need not get the consent or joinder of any other person to exercise such rights.

5. Section K, paragraph 8 -- Continued Rights of Alteration, Etc., Despite Withdrawal. If either Phase I or II is withdrawn from the plan of development affecting the other phase, the Developer will still have the rights and easements reserved in Sections H and K of the Declaration to enable and facilitate development and construction of, sale or other disposition of interests in, utilities services and access for, and use of Phase I, even if there is no merger of it with the Project (Phase II), and those rights and easements will be transferred to anyone else who takes over such adjacent land, but the adverse effects of those rights and easements on use and enjoyment of the Project are not to be materially greater than the effects that would have been imposed by development, construction, sale, and use of the full projected 106 Phase I apartments and common elements. Also, if there is no merger, costs of repair and maintenance of the bridge covered by Declaration paragraph H-3A will be apportioned reasonably between the Project and the adjacent land on the basis of usage.

6. Section M, paragraphs 6 and 8 -- Owners' Association Administration. The Association must get a performance and lien payment bond or certificate to guaranty payment for labor and materials and lien-free performance of any construction contract where the construction costs more than \$25,000.00. The bond must be in favor of the Board of Directors, the Association, and collectively all apartment owners and their respective mortgagees. The Association also must have plans and specifications for any additions or structural alterations to or exterior changes of any of the Project common elements. The plans and specifications must be prepared by a licensed architect if required by the Board or by the Master Declaration or Additional Declaration. The plans and specifications must also be approved by the Board and by the Wailea Community Association Design Committee if required by the Master or Additional Declaration, and also approved by a majority of apartment owners including all owners of apartments directly affected. If any law or the Project Declaration requires, a percentage of apartment owners larger than a majority must approve.

7. Section R, paragraphs 2 and 3, and section S -- Rebuilding After Casualty. If reconstruction in accordance with the original plans and specifications is not permissible under the laws in force at the time of reconstruction, then the plans and specifications may be modified. If the damage is to a single apartment, the Board of Directors and the mortgagee of the damaged apartment must approve. If the damage extends to two or more apartments or any part of their limited common elements or extends to the common elements, the approval must be by the Association and by the mortgagee of any apartment directly affected by the reconstruction. In any case, the Wailea Community Association Design Committee must approve.

8. Section T -- Rebuilding After Condemnation. If repair and restoration in accordance with the original design are not permissible under laws then in force, the improvements may be rebuilt according to modified plans that are previously approved by the Board of Directors and the mortgagee of any apartment directly affected and the Wailea Community Association Design Committee. If the repair or rebuilding is of an apartment that was partially eliminated, the manner of restoration must be satisfactory to the apartment owner and the Board.

9. Section V -- Alteration of Project. Material changes in repairing, restoring or replacing improvements, and construction of any additional building or structural alteration or addition to any structure, and excavation of any basement or cellar, require certain approvals as provided in paragraph 2 of this Exhibit, including but not limited to approval of seventy-five percent of all the apartment owners plus the owners whose apartments or limited common elements are directly affected. Mortgagees whose mortgages require approval must also consent. The Board must approve the plans and specifications, which must comply with the Master Declaration. The Declaration and Condominium Map must be amended.

There are exceptions to such approval requirements. First, non-material structural additions to the common elements, and additions or alterations within an apartment or within a limited common element, require only approval by the apartment owner, the Board, and the Wailea Design Committee if required by the Master Declaration. The Board cannot arbitrarily or unreasonably withhold or delay its approval. The Declaration and Condominium Map need be amended only if necessary to reflect the change accurately.

The phrase "non-material structural additions to the common elements" means structural additions that do not jeopardize the soundness or safety of the Project property, reduce its value, impair any easement or inheritable right or thing, detract from project appearance, interfere with or deprive any non-consenting owner from use or enjoyment of the Project property, or directly affect any non-consenting owner. If there is a question whether an owner or property is directly affected, the Board may decide.

The second exception is alteration or removal of a common wall between two apartments. If the structural integrity of the

building is not affected, the soundness or safety of the Project are not jeopardized, and the finish is restored to a substantially comparable condition as before alteration or removal, the intervening wall between two apartments may be removed. First mortgage lien holders who require such approval, the Project Board, and other owners who are directly affected must approve. The Board may not unreasonably or arbitrarily withhold or delay its approval. The alteration or removal must be reversed to the original condition before common ownership of the two apartments by the same person is terminated.

This section further provides that the Board may add to or alter the common elements without approval of the owners if in the judgment of the Board the cost is less than \$5,000.00 in categories that may be paid as common expenses from normal annual operating funds and not from capital improvement reserves. The Board may assess all the owners or if the alteration or addition is to limited common elements, may assess only the owners of exclusive rights to those limited common elements. An apartment owner needs prior written consent of the Board and, if required by the Wailea Community Association Master Declaration, also prior written consent of the Wailea Design Committee before making any addition or alteration in the owner's apartment that may affect the common elements or change the exterior appearance of the Project.

The provisions on approvals and rights to change apartments may be exercised by the Developer also as an apartment owner, but do not limit the Developer's reserved rights in the Declaration. The Developer may exercise those reserved rights separately as an exception to such approval requirements.

HOUSE RULES.

The House Rules contain restrictions against changing visible aesthetics of the apartments or buildings, and against altering, removing or transferring furniture, furnishings and equipment that are provided for the common elements. Removing, picking or transplanting landscaping is also prohibited.

WAILAIA MASTER DECLARATION.

With respect to permitted alterations to the apartments, buyers are encouraged to read applicable portions of Article V containing the Master Declaration's use and development restrictions. Among other things, Article V provides that any work requiring a governmental approval or permit or resulting in any modification or change to the exterior of improvements or landscaping (unless immaterial or insubstantial) must have prior approval of the Wailea Design Committee. Final plans, specifications and sample materials must be submitted to the Committee. Wailea Development Company, Inc. may act as the Design Committee for the Project for these purposes. Once Design Committee approval is given, material or substantial changes from the approved matters in the plans and specifications require further approval. All building plans and specifications must

be prepared or reviewed by and signed by a Hawaii licensed architect. Landscape plans must be prepared by a Hawaii licensed landscape architect. Diligent, good faith completion of the work is required after approval. The owner must give the Design Committee notice to inspect the completed work for compliance and must correct non-complying work within a limited time.

After construction of approved improvements, material or substantial alterations affecting the exterior appearance or changing the basic layout, design concept, character or ambience of the improvement, or lowering the improvement's standards, are prohibited without prior Design Committee approval.

The Master Declaration contains standards for the Design Committee approval, including but not limited to aesthetic compatibility with Wailea.

The Design Committee may charge a reasonable processing fee. Failure to commence the approved work within twelve months after approval allows the Committee to revoke its approval and impose further requirements.

ADDITIONAL DECLARATION.

Under Article III, Subsection B-2 of the Additional Declaration, the design and appearance of, the plans and specifications for, and the operation of the buildings and other improvements in the Project must equal or exceed, in the reasonable judgment of the Wailea Design Committee, the quality and standards of the Wailea Ekahi or Wailea Ekolu condominium projects already located in Wailea.

EXHIBIT F
to
Condominium Public Report
Grand Champions Villas II

PARKING

The assigned parking stalls are limited common elements for exclusive use of the owners of the apartments to which they are assigned. The unassigned parking stalls are general common elements for guest parking and other general use.

The developer and any individual or firm affiliated with the developer may retain or purchase any of the apartments and the parking rights assigned to those apartments. This right is in addition to any number of apartments and their parking rights that are not sold. The developer may reassign all or a portion of the parking rights attributable to any of the retained, purchased or unsold apartments. The reassignment may be either among the apartments retained, purchased or unsold, or to any other apartment.

The developer may also reassign parking stalls between any of the unsold units and the units belonging to apartment owners as mutually agreed between them. All of the developer's reassignment rights are in addition to other reserved rights to make changes as provided in the Declaration.

Apartment owners and their tenants, guests, licensees and invitees (long-term or transient users) may use the unnumbered or guest parking stalls on a first-come first-served basis. This use is a revocable, nonexclusive privilege that the Board may revoke or limit either for failure to comply with rules and regulations on parking or for orderly administration of the Project in the Board's discretion.

The Hawaii condominium law (Chapter 514A, Hawaii Revised Statutes) allows apartment owners to exchange their parking stalls legally. This means actual titles to the stalls are exchanged, subject to the conditions stated in the Hawaii condominium law about the exchanges. The Project Declaration also allows apartment owners by mutual agreement to permit exchanges of parking rights temporarily without changing the legal assignment of the stalls, but any such temporary exchange may be prohibited if it is detrimental to orderly Project operation or if the owners do not first give written notice of the temporary exchange to the Board of Directors.

The House Rules contain specific provisions about vehicles and parking, which owners should thoroughly understand. The House Rule provisions concern requirements and restrictions on vehicle registration, washing vehicles, storage in parking stalls, and avoidance of access problems caused by vehicles. The House Rules also address particular parking problems such as tow-away for unauthorized parking, restriction on overnight parking in guest stalls,

parking by workmen working on an apartment, and the like. Nuisances created by repairs, maintenance, motor racing, mufflers, and improper or unsafe operating condition are prohibited, and there are specific restrictions and requirements to maintain sightliness. The sightliness requirements are the same as those in the Master Declaration applicable to the Project as part of Wailea. Owners may be held responsible for violations of parking rules by their lessees, renters or guests.

EXHIBIT G
to
Condominium Public Report
Grand Champions Villas II

INFORMATION ON COMMON ELEMENTS AND COMMON INTEREST

Common Elements.

Subject to the provisions of the Project Declaration and the condominium law (Chapter 514A, Hawaii Revised Statutes) concerning limited common elements (as opposed to other common elements), the common elements include the limited common elements described below and all the Project land and other improvements constructed on the Project. The common elements do not include, however, the apartment spaces, which are defined as the "apartments" by designating limits of the "apartments" in Section D, paragraph 4 of the Project Declaration.

The Hawaii condominium law also defines the common elements and should be read in connection with the Project Declaration description of the common elements. Inclusion of the limited common elements as common elements is "subject to" provisions of the Project Declaration and the condominium law because those provisions include special terms concerning the limited common elements, such as the right of an apartment owner to exclusive use of his limited common elements and responsibility of the apartment owner for all the costs attributable to his limited common elements.

Subject to the foregoing terms, the common elements shall include, but are not limited to:

1. The Land described in Exhibit "A" to the Project Declaration;

2. All roofs, foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls (except for the inner decorated or finished surface within each apartment), unfinished floors and ceilings (except for inner decorated or finished surfaces within the apartment), floors, ceilings and railings of any deck or lanai, and other structural elements that are not part of the apartments, including but not limited to items excluded from the apartments by paragraph D-4(b) above;

3. All yards, grounds, walkways, roadways, ramps, stairways, railings, balconies, lattices, siding, gutters, fences, landscaping, trellises, planters, storage areas, cabinets, and structures other than those within the apartments, and all facilities and structures for refuse and maintenance;

4. The entry drive within the Land boundary, and outside and other lighting fixtures for lighting other than those inside the apartments;

5. All driveways, pavement and parking facilities, and parking areas (subject to designation of certain individual parking stalls to be appurtenant to apartments as limited common elements);

6. The twenty-six (26) unnumbered parking stalls as designated on the Condominium Map;

7. All building entrances, lobby areas, and recreation areas that are not part of or located inside the apartments (subject to designation of portions of buildings as limited common elements);

8. All pipes, shafts, vents, conduits, ducts, sewer lines, electrical and mechanical equipment, wiring, plumbing, air exhausts, ventilation apparatus, and other central and appurtenant transmission facilities and installations which serve more than one apartment, all facilities, installations and equipment which serve more than one apartment for services such as power, light, water, gas, air conditioning, refuse, telephone and radio and television signal reception and distribution, and all tanks, pumps, motors, fans, and other equipment, apparatus and installations existing for or in the buildings for common use; and

9. Any and all other structures, apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance or safety, and normally in common use and which are not part of any apartment.

If Phase II is merged with Phase I, the common elements of Phase I, which include the following, will be common elements of the merged project:

1. The guard house at the entrance to Phase I and the fixtures and equipment excluding furniture and furnishings located in such guard house;

2. The bridge at the entrance to Phase I, including all foundations, footings, supports, beams, girders, railings, beds, surfaces, and other structural parts of such bridge and all vehicular and pedestrian areas of the bridge, and including not only any part of such bridge that lies within the Phase I land but also any part of such bridge that extends into adjacent land that is not part of the Phase I land;

3. The Phase I swimming pools, spas, and their filtration, pumping and other related equipment, the recreation buildings and restrooms, swimming pool equipment rooms, and pump stations, and all other facilities, fixtures, equipment, furniture and furnishings therein or used therefor; and

4. All the other common elements of Phase I.

Limited Common Elements.

Certain parts of the common elements, called and designated "limited common elements", are set aside and reserved for the exclusive use of certain apartments. Those apartments have exclusive easements for the use of their limited common elements. The limited common elements set aside and reserved in this way are as follows:

1. One (1) mailbox located on Phase I, containing the same number as the number of the apartment, shall be a limited common element appurtenant to and for the exclusive use of such apartment. The Association of Apartment Owners or its authorized representative may designate or, after notice to appropriate owners, change the particular mail box for each apartment. Pending or after merger, Phase II owners may use the mail boxes on Phase I. The mailboxes may be moved to Phase II if Phase I and Phase II are not merged.

2. One (1) of the automobile parking stalls shall be a limited common element appurtenant to each apartment and shall be for the exclusive use of the apartment to which such stall is assigned. The Project Declaration identifies the particular parking stall assigned to each apartment.

3. When used for ingress and egress to and from apartments in a particular building but not other buildings, building entries and stairways other than those that are parts of apartments, as shown on the Condominium Map, are limited common elements appurtenant to and for the exclusive use of only the apartments in that particular building.

4. The space encompassed by any deck or lanai adjacent to a particular apartment, including any enclosure in such deck or lanai for appliances, and measured to the lanai-side or deck-side decorated or finished surfaces of the perimeter walls, floors, and (if any) ceilings of the lanai or deck, and to the interior edge of any lanai railings or deck railings, shall be a limited common element appurtenant to and for the exclusive use of only the apartment to which such deck or lanai space is adjacent.

Common Interest.

Each apartment shall have appurtenant thereto an undivided percentage interest called the "common interest" in all common elements of the Project. Paragraph D-1 of the Project Declaration sets forth the common interest for each apartment. Each apartment shall have a proportionate share equal to such common interest in all common profits and expenses of the Project (except as provided in section O of the Project Declaration concerning common expenses) and for all other purposes including voting.

The percentage common interest is intended to represent the ratio of floor space for each apartment, including the apartment and its lanai or lanais, to the total floor space for all 82 apartments and their lanais. The floor spaces are measured as stated in Section D of the Declaration of Horizontal Property Regime and summarized

below. All calculations are in square feet. To derive a particular percentage common interest, the floor space for each apartment and its lanai or lanais is divided by such total floor space, and carried to five decimal places. Rounding and minor adjustments in the resulting quotients were made to make the aggregate common interests equal one hundred percent.

In measuring the floor spaces as stated in the Project Declaration and as used in calculating the common interests of the apartments, the technical, legal designation of the limits of the apartments in paragraph D-4 of the Declaration does not control. Instead, all approximate net floor areas are computed by measuring from the interior surfaces of the apartment perimeter walls.

All approximate lanai areas are measured from the lanai-side surface of perimeter walls that do not separate the lanais from apartment interiors, from the lanai-side surface of perimeter walls that separate the lanais from apartment interiors, and from the lanai-side edge of the exterior railings of the lanais.

No reduction has been made to account for the space occupied (i) by walls themselves, or (ii) by spaces enclosed for ducts, vents, shafts, conduits, pipes, wiring, utility or service lines, and the like, or (iii) by stairways, structural posts, and the like, if any of the same should be located within the area enclosed by perimeter or party walls or partitions, or located within any lanai or deck.

All measured floor and lanai areas are not exact but are approximations based on the floor plans of each type of apartment. All floor and lanai areas are rounded to the next lowest full square foot where the approximation of the areas exceeds an even number by any fraction of a square foot.

Since the measurements of the floor areas do not follow the legally-designated limits of the apartments, the floor areas stated in the Declaration and used in computing common interests are different from the floor areas of the apartments computed according to the legally-designated limits and also less than areas derived from measurements taken from the exterior surfaces of perimeter walls.

Except for the parking stalls, which may be transferred as provided in the Project Declaration, and except for changes in connection with development and construction of any additional phase or phases and merger of such phase or phases with Phase II, the common interest and easements appurtenant to each apartment are permanent and shall not be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to the Project Declaration duly recorded.

An amendment to the Project Declaration which consolidates apartments and their appurtenant common interests into a new common interest appurtenant to the consolidated apartment may be made if the provisions in Section I of the Project Declaration on such amendments

are satisfied. Such a consolidation (as distinguished from incremental phased development) is not allowed to decrease or increase the aggregate common interest of the consolidated apartments. No apartment shall be subdivided, but an amendment to the Declaration may provide for a previously-consolidated apartment to be subdivided back to the separate apartments as before the consolidation and no further. Ownership of interests in a partnership which owns one or more apartments shall not be deemed a subdivision.

The common interest and easements appurtenant to an apartment shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though any such interest or easement is not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Hawaii condominium law (Chapter 514A).

The proposed Declaration provides the following table of information including common interests (before merger) for the apartments:

Apt. No.	Floor Plan Type	Approx. Net. Floor Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rms	% Common Interest	Assigned Parking Stalls
Bldg. No. 12						
107	1R	908	161	6	1.06610	107
108	1R	908	161	6	1.06610	108
109	2R	1056	125	7	1.17779	109
110	2R	1056	125	7	1.17779	110
111	2	1056	125	7	1.17779	111
112	2	1056	125	7	1.17779	112
113	1	908	161	6	1.06610	113
114	1	908	161	6	1.06610	114
Bldg. No. 13						
115	1R	908	161	6	1.06610	115
116	1R	908	161	6	1.06610	116
117	2R	1056	125	7	1.17779	117
118	2R	1056	125	7	1.17779	118
119	2	1056	125	7	1.17779	119
120	2	1056	125	7	1.17779	120
121	1	908	161	6	1.06610	121
122	1	908	161	6	1.06610	122
Bldg. No. 14						
123	3R	1383	315	8	1.69341	123
124	3R	1383	315	8	1.69341	124
125	1R	908	161	6	1.06610	125

Apt. No.	Floor Plan Type	Approx. Net. Floor Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rms	% Common Interest	Assigned Parking Stalls
126	1R	908	161	6	1.06610	126
127	2R	1056	125	7	1.17779	127
128	2R	1056	125	7	1.17779	128
129	2	1056	125	7	1.17779	129
130	2	1056	125	7	1.17779	130
131	1	908	161	6	1.06610	131
132	1	908	161	6	1.06610	132
133	3	1383	315	8	1.69341	133
134	3	1383	315	8	1.69341	134

Bldg. No. 15

135	1R	908	161	6	1.06610	135
136	1R	908	161	6	1.06610	136
137	2R	1056	125	7	1.17779	137
138	2R	1056	125	7	1.17779	138
139	2	1056	125	7	1.17779	139
140	2	1056	125	7	1.17779	140
141	1	908	161	6	1.06610	141
142	1	908	161	6	1.06610	142

Bldg. No. 16

143	3R	1383	315	8	1.69341	143
144	3R	1383	315	8	1.69341	144
145	1R	908	161	6	1.06610	145
146	1R	908	161	6	1.06610	146
147	2R	1056	125	7	1.17779	147
148	2R	1056	125	7	1.17779	148
149	2	1056	125	7	1.17779	149
150	2	1056	125	7	1.17779	150
151	1	908	161	6	1.06610	151
152	1	908	161	6	1.06610	152
153	3	1383	315	8	1.69341	153
154	3	1383	315	8	1.69341	154

Bldg. No. 17

155	2	1056	125	7	1.17779	155
156	2	1056	125	7	1.17779	156
157	1	908	161	6	1.06610	157
158	1	908	161	6	1.06610	158
159	3	1383	315	8	1.69341	159
160	3	1383	315	8	1.69341	160

Apt. No.	Floor Plan Type	Approx. Net. Floor Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rms	% Common Interest	Assigned Parking Stalls
Bldg. No. 18						
161	1R	908	161	6	1.06610	161
162	1R	908	161	6	1.06610	162
163	2R	1056	125	7	1.17779	163
164	2R	1056	125	7	1.17779	164
165	2	1056	125	7	1.17779	165
166	2	1056	127	7	1.17779	166
167	1	908	161	6	1.06610	167
168	1	908	161	6	1.06610	168

Bldg. No. 19

169	3R	1383	315	8	1.69341	169
170	3R	1383	315	8	1.69341	170
171	1R	908	161	6	1.06610	171
172	1R	908	161	6	1.06610	172
173	2R	1056	125	7	1.17779	173
174	2R	1056	125	7	1.17779	174
175	2	1056	125	7	1.17779	175
176	2	1056	125	7	1.17779	176
177	1	908	161	6	1.06610	177
178	1	908	161	6	1.06610	178
179	3	1383	315	8	1.69341	179
180	3	1383	315	8	1.69341	180

Bldg. No. 20

181	1R	908	161	6	1.06610	181
182	1R	908	161	6	1.06610	182
183	2R	1056	125	7	1.17779	183
184	2R	1056	125	7	1.17779	184
185	2	1056	125	7	1.17779	185
186	2	1056	125	7	1.17779	186
187	1	908	161	6	1.06610	187
188	1	908	161	6	1.06610	188

When (and if) Phase I is merged with Phase II of the project, the common elements of each of the merged phases will be the common elements of the overall merged project, to be owned and used by all the apartment owners in both phases, and the common interests for each apartment will be recalculated. Merger will result in addition of land and improvements to the common elements of each phase, and in a decrease of the common interest for each apartment. In other words, each apartment will have a smaller interest in more property. The formula for the new common interest calculations and

other details about incremental development of phases and merger are contained in Section K of the Project Declaration. Prospective apartment buyers are urged to read and understand all such provisions. When (and if) Phase II is merged with the 106 apartments in Phase I, the proposed common percentage interest of each apartment in the merged project based upon its type is estimated to be as follows:

Floor Plan Type	No. of Apts. in Phase I	No. of Apts. in Phase II	Total No.	Proposed % Common Interest
1 and 1R	20	34	54	.44349
2 and 2R	20	34	54	.48996
3 and 3R	16	14	30	.70444
4 and 4R	50	0	50	.56921

Note that Types 4 and 4R apartments are located only on Phase I.

The proposed common percentage interests after merger, stated above, are the percentage equivalent of a fraction. The numerator of that fraction will be the approximate net living floor area of the apartment including lanai or lanais and the denominator of that fraction will be the approximate total net living floor area of all apartments including lanais in the whole merged project (including all proposed 188 apartments). Minor adjustments or modifications to the undivided percentage interests were made to make them total exactly one hundred percent (100%).

EXHIBIT H
to
Condominium Public Report
Grand Champions Villas II

ENCUMBRANCES AGAINST PROJECT LAND TITLE

The Project land is a parcel situated at Honuaula, Island and County of Maui, State of Hawaii, described as Lot 336, area 4.859 acres, as shown on Map 48, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1804 of Matson Navigation Company.

Lot 336 is described in Transfer Certificate of Title No. 306,503, issued to GRAND CHAMPIONS VILLAS VENTURE, the Developer, a Hawaii general partnership.

Lot 336 title is subject to the following encumbrances:

1. Real property taxes, which have been paid through the end of the current tax period.
2. Reservation of all mineral and metallic mines in favor of the State of Hawaii.
3. Easement for drainage purposes in favor of the County of Maui and conditions affecting the same in favor of Lots 4, 5, 6, 8, 10 and 12, as set forth in Deed dated April 18, 1973, filed as Land Court Document No. 626880.
4. Easement 258 (area approximately 1.835 acres) for drainage, utilities and landscaping purposes, affecting Lot 336, as shown on Map 48, as set forth by Land Court Order No. 80835, filed October 24, 1986.
5. The terms, restrictions, covenants, agreements, obligations, conditions, easements, and other provisions set forth in that certain "Wailea Community Association Declaration of Covenants and Restrictions" dated December 19, 1986, made by Wailea Development Company, Inc., a Hawaii corporation, and filed in said Office of the Assistant Registrar as Land Court Document No. 1427923.
6. The terms, restrictions, covenants, agreements, obligations, conditions, easements, and other provisions set forth in that certain "Additional Declaration of Covenants and Restrictions" dated December 22, 1986, made by Wailea Development Company, Inc., a Hawaii corporation, and filed in said Office as Land Court Document No. 1427924.
7. The terms, exceptions, reservations, covenants, conditions, and other provisions set forth in that certain Grant of Easement

dated December 15, 1986, made by and between Wailea Development Company, Inc., a Hawaii corporation, as Grantor, and Grand Champions Resort Development Corporation and The Bergheer Company, both California corporations, individually and collectively, as Grantees, filed in said Office as Land Court Document No. 1427926.

8. Construction Mortgage, Security Agreement and Financing Statement dated May 20, 1988, made by and between Grand Champions Villas Venture, a Hawaii general partnership, as Mortgagor, and First Hawaiian Bank, a Hawaii corporation, and The Industrial Bank of Japan, Limited, a Japanese corporation, acting through its Los Angeles Agency, as Mortgagee, filed in said Office as Land Court Document No. 1551589.
9. Second Mortgage, Security Agreement and Financing Statement dated May 20, 1988, made by and between Grand Champions Villas Venture, a Hawaii general partnership, as Mortgagor, and SC Wailea, Inc., a Hawaii corporation and S.C. Properties (Hawaii), Inc., a Hawaii corporation, as Mortgagee, filed in said Office as Land Court Document No. 1551590.
10. Grant of Easement, including a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground power lines and other lines and facilities for the transmission of electricity and other utilities service, over, across, through and under Lot 337, dated May 13, 1988, made by Grand Champions Villas Venture, a Hawaii general partnership, as Grantor, to Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, as Grantees, filed in said Office as Land Court Document No. 1562573.
11. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime for the Condominium Project known as "GRAND CHAMPIONS VILLAS I" (Phase I), dated September 12, 1988, filed in said Office as Land Court Document No. 1583780, as the same may hereafter be amended in accordance with law or with said Declaration. (Phase I is covered by Condominium Map No. 685.) (Applicable to Lot 336 only as area reserved for future development; Lot 336 (Phase II) will have its own Declaration.)
12. By-Laws of the Association of Apartment Owners of the Condominium Project known as "GRAND CHAMPIONS VILLAS I" dated September 12, 1988, filed in said Office as Land Court Document No. 1583781, as the same may hereafter be amended. (Applicable to Lot 336 only as area reserved for future development; Lot 336 (Phase II) will have its own Declaration.)

NOTE:

- A. Lot 336 shall have access over Easements 257, 256, G and F

as shown on Map 48 to and from Wailea Alanui, as set forth by said Land Court Order No. 80835.

B. Said Grand Champions Villas Venture, as the owner of Lot 336 and 337 and developer of the Grand Champions Villas Condominium Project (Phases I and II) and as acting Association of Apartment Owners of the Grand Champions Villas I Project pursuant to said Declaration, and for itself and successors and assigns, has made an Agreement and Grant of Easement, as Grantee, with Maluhia Wailea Venture, a California general partnership registered to do business in Hawaii, as Grantor, for an easement in favor of Lots 336 and 337 over adjacent land identified as Lot 339, Map 48, Land Court Application No. 1804, and to allow access over Lots 337, and containing other terms, to accommodate a bridge constituting part of the Phase I common elements (to be a common element of the merged Project), pursuant to section H, paragraph 3A of said Declaration. The Agreement and Grant of Easement is recorded as Land Court Document No. 1592058 and is available from the Project broker.

EXHIBIT I
to
Condominium Public Report
Grand Champions Villas II

INFORMATION CONCERNING BLANKET MORTGAGE LIENS

The Developer contracts with each buyer in the condominium Purchase Agreement that the property covered by the Purchase Agreement and the Apartment Deed will be free and clear from the lien of any blanket mortgage made by the Developer on that property when the property is conveyed to the buyer. The Developer warrants to each buyer that at closing after full payment and performance of the buyer under the Purchase Agreement, the Developer will obtain a release of the condominium unit from such a blanket mortgage lien.

Prospective purchasers should be aware that until released as stated above, the Developer's construction mortgage for Phase I, secured by the Project land, described as the Construction Mortgage, Security Agreement and Financing Statement to First Hawaiian Bank and The Industrial Bank of Japan, Limited, filed in the Office of the Assistant Registrar of the Land Court as Document No. 1551589 (referred to in both the section of this report called "Encumbrances Against Title" and Exhibit "C" to this report), and any subsequent construction mortgage for Phase II, will be superior liens on the Project, and purchasers intentionally waive and subordinate the priority of any interest under the Purchase Agreement or any prior reservation in favor of such mortgages.

The Phase I construction mortgage to First Hawaiian Bank and to The Industrial Bank of Japan is for a principal amount of \$25,000,000.00. The Phase I construction mortgage contains partial release provisions for each Phase I condominium unit, and the release prices are less than the sales prices, so that when all Phase I units are sold, that mortgage will have been paid off and will no longer encumber the Phase II land. The Phase I construction mortgage also provides for a lump sum payment to the lenders of \$4,042,000.00 to release such mortgage from Phase II. If such lump sum payment is used to release Phase II, the Final Public Report must have been issued for Phase II, approximately \$17,072,000.00 of Phase I apartments must have been sold under enforceable sales contracts, and the project must be progressing on schedule within budget.

The Developer intends to have the Phase II land and improvements released from the Phase I construction mortgage by payments to the lenders from proceeds of Phase I apartment sales and/or proceeds of a new construction mortgage, security agreement and financing statement to finance construction of Phase II. Purchasers acknowledge that said

new construction mortgage, security agreement and financing statement will be superior liens on the Project, and that purchasers will intentionally waive and subordinate the priority of any interest under the Purchase Agreement or any prior reservation in favor of such new mortgage. The Developer expects to have release provisions in such new mortgage that are similar to the construction mortgage to First Hawaiian Bank and to The Industrial Bank of Japan. For further details, buyer's attention is specifically directed to the paragraph in the Purchase Agreement entitled "Blanket Mortgage Lien."

In each Purchase Agreement, the buyer agrees to perform the Buyer's Purchase Agreement obligations in favor of such a blanket mortgage lender at the lender's option. If used, this procedure would cover the situation if the mortgage were foreclosed, and could allow the buyer to obtain the apartment upon the buyer's performance notwithstanding foreclosure. In that situation the lender might act as the seller in place of the Developer. The lender is not obligated to request or accept such a performance directly by the buyer or to follow such procedure.

Prospective purchasers should also be aware that the Developer's second mortgage, described as the Second Mortgage, Security Agreement and Financing Statement to SC Wailea, Inc. and to S.C. Properties (Hawaii), Inc. filed in said Office as Land Court Document No. 1551590 (referred to in both the section of this report called "Encumbrances Against Title" and Exhibit "G" to this report) is secured by the Project land and is junior to the interest and right of any purchaser under a written purchase agreement for an apartment in the Project if such purchaser shall have paid at least the initial deposit of not less than \$5,000.00 for such purchase. The second mortgage provides for partial releases of Project apartments upon payment of sums, if any, to be paid pursuant to the partial release provisions of the second mortgage. The Mortgagee has agreed to release the mortgage if the constituent corporations of the Developer purchase the Project apartments.

EXHIBIT J
to
Condominium Public Report
Grand Champions Villas II

INFORMATION ON INCREMENTAL DEVELOPMENT AND MERGER

In the Project Declaration, the Developer reserves the right to construct additional improvements on property adjacent to or near the Project land, as an additional increment or phase containing not more than 106 additional condominium apartments. The Developer also reserves the right to merge any such additional increment or phase with Phase II. As used in the Project Declaration and in this Public Report, the capitalized term "Project" refers only to Phase II. The non-capitalized terms "project" and "merged project" refer to the overall plan involving Phase II and the additional phase.

The following excerpts on incremental development and merger are from the Declaration and By-laws. Provisions from the Declaration are in Section K of the Declaration unless otherwise specified. Provisions from the By-laws are in Article III, Section 3 and Article IV, Section 14. Purchasers should read and understand the provisions on incremental development and merger in the condominium documents.

1. Creation and Merger of Phases. The Developer reserves the right in its sole and absolute discretion, to merge the Project with another condominium project to be located on all or any portion of approximately 7.356 acres of land adjacent to the Project land. The adjacent land is described in Exhibit "B" to the Declaration.

The Developer can carry out the reserved rights notwithstanding the registration of the Project for sale with the Real Estate Commission of the State of Hawaii, the recording of the Project Declaration, By-laws, and Condominium Map, the issuance of any Public Report for the Project, the sale or recorded conveyance of any apartment, or anything to the contrary in the Declaration or any other document applicable to the Project.

The other phase may consist of up to one hundred six (106) additional apartments and common elements appurtenant to those apartments.

Any other phase shall be constructed in accordance with plans and specifications prepared by a licensed architect and first approved in writing by the Developer. Such plans and specifications shall not require the alteration or demolition of any already-constructed

apartments in Phase II or of any buildings or structures (exclusive of roads and utility installations) constituting common elements of Phase II.

The Developer's reserved rights include making more than one phase on the Project land. Initial plans are for only one phase covering all of the Phase I land and one phase covering all of the Project land. Without limiting the reserved rights, the other phase is referred to in this Public Report or in other documents as "Phase I."

2. Requirements of Merger. Merger of Phase II with Phase I will take effect when there is satisfaction of all of certain conditions stated in the Declaration. Those conditions are summarized as follows:

(a) The Developer must have recorded a declaration of horizontal property regime and by-laws and filed a condominium map for Phase I;

(b) The construction of the apartments and common elements for Phase I must have been substantially completed free of mechanics' and materialmen's liens; and

(c) The Developer must have recorded a document called "Certificate of Merger." That certificate will contain certain information specified in more detail in the Project Declaration including:

(i) The Developer's certification that the conditions in (a) and (b) above have been fulfilled and that there are no tax liens on Phase I;

(ii) A verified statement of a Hawaii registered architect or professional engineer certifying that the final plans filed for Phase I fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments in Phase I, as built;

(iii) A statement that merger of the phases is occurring;

(iv) A statement setting forth new common interests appurtenant to each apartment in both phases; and

(v) The new overall project name: "Grand Champions Villas," without designation of phases.

3. Limitation on Time for Merger. The Developer has until December 31, 1996 to file the Certificate and merge the phases.

4. Consequences of Merger. Once the Certificate of Merger is filed, the following consequences apply:

(a) The two merged phases shall be treated for purposes of administration, use and sharing of common expenses as a single undivided project. The common elements of each of the merged phases will be the common elements of the whole merged project.

(b) Each apartment in the merged project will have a new undivided percentage interest in the common elements and in all common profits and expenses of the merged project, and for all other purposes, including voting, as stated in the Certificate of Merger. The new undivided percentage interest shall be the percentage equivalent of a fraction. The numerator of that fraction will be the approximate net living floor area of the apartment including lanai or lanais (as set forth in the Declaration of Horizontal Property Regime covering the phase in which such apartment is situated) and the denominator of that fraction will be the approximate total net living floor area of all apartments including lanais in the whole merged project. The Developer, in its sole and absolute discretion, may make minor adjustments or modifications to the undivided percentage interests to make them total exactly one hundred percent (100%).

Taking any interest in the Project by any party is that party's automatic agreement and consent to the alteration of his percentage undivided interest ("common interest") in the Project common elements to the new applicable percentage in the Certificate of Merger, and also to the filing of the Certificate of Merger without any further consent or joinder by that party.

(c) The Developer may require the apartment owners in both phases to make contributions, in addition to their normal prescribed share of the common expenses, to the maintenance reserves of the merged project. Developer may provide that such contributions shall be made over a period of time. In setting the amount and terms of such contributions the Developer must take into account the amount of maintenance reserves accumulated prior to the merger and the condition of pre-existing apartments.

(d) The apartment owners in one phase will not be obligated to pay any outstanding debts, expenses, costs or other obligations of the apartment owners in the other phase as of the merger date, except for any debts, expenses, costs or obligations which were incurred for the common benefit of the apartments in both phases. Prior to merger, Phase I owners may bear higher costs for certain common expenses such as expenses incurred in connection with operation of the swimming pools and recreational facilities, since both pools and both recreation buildings are being

built in Phase I. Because the swimming pools and recreational facilities are being built as part of Phase I, if Phase I and Phase II are merged the Phase II owners may bear higher costs for common expenses after merger, if any. Utilities use for construction of Phase II will be metered separately from utilities then being used by Phase I, so Phase I owners will not bear the costs of construction utilities for Phase II, and Phase II owners will not bear costs of Phase I construction utilities.

(e) The associations of apartment owners of each phase will be merged into a single association covering the entire merged project. There will be only one Association of Apartment Owners with all of the powers and obligations that were vested in both prior associations.

(f) The Board of Directors of the Association of Apartment Owners of Phase I immediately prior to the merger shall govern the overall merged project, but within one hundred eighty (180) days following the merger date, a special meeting of the Association of Apartment Owners of the merged project must be called to elect a new Board of Directors to replace the existing Board of Directors. The new elected Board will then govern the entire merged project. If, however, the next annual meeting of the Phase I Association owners is within one hundred eighty (180) days after the merger, the new Board will be elected at that annual meeting instead of a special meeting. The Developer intends that the Phase II directors should set the Phase II annual meeting date on the same calendar date as the annual meeting date for Phase I. As a further exception, if forty percent (40%) or more of the apartments in Phase II have not been sold and conveyed either (i) as of the intended special or annual meeting or (ii) within one year after recordation of the first apartment to be recorded out of Phase II, then the meeting for election of the new Board shall be held as soon as practicable upon the call of at least ten percent (10%) of the apartment owners in Phase II.

The procedure for calling and holding such meeting and all other meetings of the Association of the merged project shall be that set forth in substantially identical provisions in the respective Declarations of Horizontal Property Regime and By-laws of each phase. The number of Directors of the Association of the merged project shall be nine (9) unless not less than seventy-five percent (75%) of all apartment owners vote by secret written ballot to set the minimum number of directors at less than nine (9) during an annual meeting or special meeting called for the purpose of reducing the minimum number of directors.

(g) The merged project shall be known as "Grand Champions Villas." All of the apartments in the merged project shall be treated as though they were all

included in a condominium project created by a single filing of a declaration of horizontal property regime and the Declaration applicable to each phase shall be construed as one document applicable to the entire merged project comprising both of the merged phases except to the extent expressly otherwise provided in that Declaration. In the event of a conflict between the respective declarations and by-laws, the Declaration and By-laws in effect for Phase I shall control. It is the purpose of the merger provisions in such declarations to provide that from and after the merger date all of the property merged shall be treated for all purposes as though it had been developed, divided into apartments and used by the apartment owners as a single undivided project.

5. Location and Ownership of Additional Apartments. The location of additional apartments and common elements in the other phase will be determined by the Developer in its sole and absolute discretion, with reference, however, to the advice of a registered architect or professional engineer. The Developer will for all purposes be the "apartment owner" of the additional apartments before they are conveyed by the Developer to other persons.

6. Changes in Other Phase. The Developer reserves the right to make changes in the design, layout, quality, size, materials, location, dimensions, elevations, and other aspects of the buildings, apartments, parking areas, and other improvements and landscaping in the other phase, to grade the land in the other phase, to add recreational facilities and structures similar to or different from those in Phase II, to omit recreational facilities and structures that would be similar to those in Phase II, and otherwise to make the other phase different from Phase II. Without limiting the foregoing, the Developer further reserves the right to remove, amend or add common elements; to remove, amend or add parking spaces; and to file amendments to the Project Declaration and any other declaration for any other phase for the purposes of certifying that filed condominium maps reflect the improvements "as filed" with the applicable County authority or "as built." The Developer reserves the right to do all the foregoing things as necessary to create, develop and construct the other phase or as required by any applicable building code, law, permit, restriction or covenant. Such changes, removal, amendments and additions shall be subject to applicable building codes and other laws and the terms and conditions of any applicable governmental permits and private restrictions and covenants, and to reasonable compatibility with Phase II. The Developer shall have the right to determine such necessity and compatibility in its sole and absolute discretion.

7. Consolidation. Upon any merger of phases, the land included in the merged phases may be consolidated by

the Developer into one parcel of land. The acceptance or acquisition by any party of any interest in the Project is that party's automatic agreement and consent to the consolidation, without any further consent or joinder of such party. The Developer shall have the right to execute, acknowledge, deliver and record any documents, maps or other instruments necessary or appropriate, as determined by the Developer in its sole and absolute discretion, to accomplish the consolidation and to amend the Project Declaration to reflect the consolidation, on behalf of any party accepting or acquiring any interest in the Project, as the true and lawful attorney-in-fact of that party. That power of attorney in the developer is coupled with an interest and irrevocable.

8. No Obligations Regarding Other Phase; Withdrawal: Continued Easements and Rights. The Developer does not make any representation or warranty that Phase I will be merged with Phase II, and the Developer is not obligated to merge Phase I with the Project. The Developer may deal freely with the Phase I property. This means that the Developer may take any one or more of the following actions on or before the date for expiration of the time for merger: develop and construct all or part of Phase I and merge such development with the Project, develop and construct all or part of Phase I and not merge such development with the Project, withdraw all or part of the Phase I land from the plan of development, withdraw all or part of the Project land from the plan of development, sell or otherwise dispose of all or part of the Phase I land to another person including but not limited to any affiliate of Developer, and otherwise deal with the Phase I land, whether or not any such actions are consistent with or prevent merger of Phase I with the Project. If Phase I is not merged with Phase II, the apartments and the common elements in Phase II will be the only apartments and common elements in the Project.

Even if the Phase I land is withdrawn, sold or otherwise disposed of, or developed and built on, in a way that is inconsistent with or prevents merger of Phase I, with the Project, the rights and easements that are reserved to the Developer in Section K and/or in Section H, and which may burden the Project land, to enable or facilitate development and construction of, sale or other disposition of interests in, utilities services and access for, and use of Phase I, still will apply. Those rights and easements go with the Phase I land and whoever takes it over takes them over.

There is a limitation, however, on the things that the Developer may do as stated above in this paragraph. That limitation is that such actions by Developer and the exercise of such continued rights and easements shall not impose on the use and enjoyment of the Project by Phase II owners adverse effects that are materially greater than

the effects which would have been imposed by development, construction, sale, and use of the full 106 apartments and common elements of Phase I, and merger thereof with the Project. There is also a requirement that if there is no merger, the expenses of maintaining and repairing the bridge across the Phase I land boundary will be apportioned between Phase I owners and owners of the adjacent Phase II land in a reasonable way based upon relative usage of the bridge.

If there is no merger, Phase II apartments may be renumbered by the Developer, and Phase II mailboxes may be moved off Phase I onto Phase II.

9. Easements for Construction and Sale of Other Phase. In connection with, and to the extent necessary for, the development, construction and sale of apartments and common elements in Phase I, the Developer, its employees, agents and contractors, shall have the right to enter and take action upon the common elements of Phase II for all purposes reasonably necessary for or useful to (a) the construction and completion of Phase I according to plans and specifications or amended plans and specifications approved by the officer of the County of Maui having jurisdiction over the issuance of building permits, (b) the sale of apartments in Phase I and enforcing the terms of any such sales, (c) the connection of the apartments and common elements in Phase I to utilities serving Phase II, and (d) the relocation or realignment of any existing easements, rights-of-way or utilities. Any such relocation or realignment in (d) must not materially impair or interfere with the use and enjoyment by any owner other than the Developer of his apartment in Phase II.

The Developer reserves an easement over, under and across the common elements of Phase II for the purposes of commencing and completing all work connected with or incidental to the development, construction and sale of the apartments and other improvements contemplated for Phase I, together with the right, in the form of an easement, to create and cause noise and other nuisances necessitated by and resulting from any work connected with or incidental to the development, construction and sale of the apartments and improvements contemplated for Phase I.

The Developer further reserves the right, for the benefit of Phase I and without the consent or joinder of any party having any interest in Phase II, (i) to remove, amend, add to, redesign, alter or add common elements in Phase II and (ii) to add, delete, relocate, realign, reserve, and grant all easements and rights-of-way in, over, under, on, through and across such common elements, as necessary or desirable to service Phase I, including but not limited to easements and rights-of-way for utilities, drainage, cess-pools, sanitary and storm sewers, sewage treatment plants,

cable television, refuse disposal facilities, plants and landscaping, driveways, parking areas, roadways, and access (including public ingress and egress); PROVIDED, HOWEVER, that the activities in (i) and such easements and rights-of-way in (ii) shall not materially impair the use by any apartment owner other than the Developer of his apartment in Phase II.

10. Easements for Sales Activities. Subsequent to any merger, the Developer and its agents, employees, brokers, contractors, licensees, successors and assigns shall have the right to conduct extensive sales activities on or at the merged project, including the use of model apartments, sales and management offices, signs, advertising, and extensive sales displays and activities until the closing of the sale of the last unsold apartment in the overall merged project (both phases).

11. Easements for Completion of Improvements. The Developer, its agents, employees, brokers, contractors, licensees, successors and assigns shall have an easement over and upon any portion of the merged project, including the common elements and any apartment in the phases being merged, as may be reasonably necessary for the completion of any improvements to and correction of defects and items in the common elements or any apartment in the phases being merged.

12. Power of Attorney Regarding Documents. The acceptance or acquisition by any party of any interest in Phase II is that party's automatic undertaking and agreement to execute any document or instrument necessary or appropriate, as determined by the Developer in its sole and absolute discretion, to carry out the provisions of Section K in the Project Declaration, and is an automatic appointment by that party of the Developer as the true and lawful attorney-in-fact of that party to execute, acknowledge, deliver and record any and all such instruments. The power of attorney shall be coupled with an interest and shall be irrevocable.

13. Severability. The provisions in Section K of the Project Declaration are severable. This means that if one or more of these provisions should be declared to be contrary to law, invalid, or unenforceable, the legality, validity or enforceability of any other provision would not be affected.

14. Interpretation of Developer's Reserved Rights. Rights reserved to the Developer for creation, development, construction, and sale of the other phase are in addition to and not in limitation of other rights reserved to the Developer in the Project Declaration, and any inconsistency between the two shall be resolved in favor of the greater right.

15. Construction Areas; Indemnity. Each purchaser of an apartment in Phase II, by his contract to purchase or his acceptance and occupancy of his apartment on closing, agrees (i) to remain outside of any fenced or posted construction areas or any other areas upon which work is being performed pending completion, and to exert diligent efforts to prevent entry into such areas by members of his household and by invitees, lessees, tenants, employees, and guests of himself or his household members; and (ii) to indemnify and save harmless the Developer and its contractors and agents from and against any and all loss or liability for death or injury to persons or damage to or loss of property on account of such entry either by the apartment purchaser or owner or such other persons.

16. Consolidating Documents. After the merger, the Developer shall have the irrevocable right to amend the Declaration for each phase in its entirety so that there shall be one amended Declaration for all phases for the sole purpose of showing the merged project with a consolidated description of the land, buildings, apartments, common elements, limited common elements and common interests, without otherwise changing the form or content of such Declarations and By-Laws except for amendments required by law. The apartment owners give Developer their irrevocable power of attorney coupled with an interest to amend the Declaration for this purpose. When the amended Declaration is recorded, the Developer will provide a copy of the amended Declaration to the Managing Agent for the project and each apartment owner at his or her last-known address by mail. If more than one person owns an apartment, mailing of the amended Declaration to one of the owners shall be sufficient.

17. Power of Attorney. To further the rights and powers reserved to Developer to do incremental development and merger under Section K of the Project Declaration, the Developer is designated in the Declaration as attorney-in-fact for each apartment owner, with power of substitution, to execute any amendments to the Declaration, By-laws, and Condominium Map, easement grants and agreements, applications for consolidation and resubdivision if applicable, and any other documents, of whatsoever nature and containing whatsoever terms as may be necessary or appropriate, to effect the creation, construction, development, and sale of the other phase, merger of phases, consolidation of lots, and other actions authorized or permitted by the Project Declaration in connection with such incremental development. As part of the Developer's rights under the power of attorney, the Developer may execute, acknowledge, deliver and file the Certificate of Merger on behalf of said party, as the true and lawful attorney-in-fact of any party who accepts or acquires any interest in the Project.

Accepting ownership of any apartment in the

Project is an automatic grant of such power of attorney to the Developer. That grant and the power of attorney are coupled with the interest of the Developer reserved in the Project Declaration, and are irrevocable as long as the rights reserved to Developer under Section K remain in existence. Developer expressly reserves the right to assign all of the Developer's reserved rights and powers to any other person. This assignment is what "power of substitution" means.

EXHIBIT K
to
Condominium Public Report
Grand Champions Villas II

SUMMARY OF PERTINENT PURCHASE AGREEMENT PROVISIONS

Among other provisions, the specimen Purchase Agreement filed with the Hawaii Real Estate Commission provides that:

1. If the Agreement is executed before the Project construction is complete, the Agreement is not binding on either the Developer or the buyer until certain conditions have been fulfilled. Accordingly, until those conditions are fulfilled, the Purchase Agreement constitutes only a "reservation" and not a "binding contract," and may be cancelled and terminated at any time at the option of either party. In the event of such cancellation, the buyer will receive a refund of any downpayment or deposit, less any escrow cancellation fees and other costs up to \$250.00. The conditions that must be satisfied to make the purchase before completion binding are stated in the Purchase Agreement under the paragraph entitled "Sales Based on Preliminary Report." The conditions are also stated in a different way in this Public Report under the section entitled "Buyer's Right to Cancel Sales Contract." Purchasers should read and understand these provisions. Purchasers should also be aware that the execution of a Purchase Agreement prior to satisfaction of these conditions does not necessarily mean that the purchaser will be able to purchase the intended apartment for the price or on the other terms stated in the Purchase Agreement, or on any terms at all.

A buyer also may have the right to cancel a Purchase Agreement if a material change of the kind covered by Section 514A-63 of the Hawaii condominium law (Chapter 514A, Hawaii Revised Statutes) is made unless the buyer waives or is deemed to have waived any right to rescind based upon the material change. The Purchase Agreement provisions governing this situation are under the paragraph in the Purchase Agreement entitled "Supplementary Public Reports," which are intended to deal with material changes. The provisions under "Material Change" on page 19 of this Public Report also cover this situation by more limited statements. Purchasers should read and understand such provisions.

The Developer is obligated to complete the Project within two years of the date the Purchase Agreement becomes binding.

2. The Purchase Agreement may contain provisions allowing buyers to elect not to have the Developer install

certain limited parts of the apartment furnishings, thereby entitling the buyer to a credit, or allow the buyer to elect whether to have the Developer install an option such as air conditioning, thereby obligating the buyer to pay an additional cost. The Purchase Agreement may also offer a choice to buyers of certain things such as different colors of carpeting. The Developer may terminate the right to make such elections at any time without any advance notice, and buyers who have not made such elections pursuant to a valid and binding Purchase Agreement before that termination will not have those election opportunities. Purchasers should also note their agreement in the Purchase Agreement that the Developer has a right to rely on their selections and the right to change those elections ends after a certain time.

3. The Developer may "preclose" apartment sales. The time at which purchasers may be required to pay the balance of purchase funds not coming from mortgage financing on the apartments may be prior to actual closing. Within a limited time after notice of preclosing, buyers are required by the Purchase Agreement to make other payments and deposit executed recordable documents into escrow.

4. The buyers in the Purchase Agreement undertake certain obligations to try diligently to get mortgage financing if the buyers intend to finance. The Purchase Agreement provides that failure to comply with those obligations is a material breach of the Agreement, and that not applying for such financing in compliance with the Agreement is an irrevocable binding election not to seek financing that is not applied for. Buyers who use financing on other property and not on the apartment being purchased are treated as non-financing buyers.

5. The Purchase Agreement provides that buyers may have a limited right to cancel the Purchase Agreement based upon full performance in trying to obtain, but inability to obtain, first mortgage financing as stated in the Purchase Agreement, if certain conditions are satisfied. The buyer may be bound by the Purchase Agreement even if the buyer does not qualify for financing and the other conditions to the buyer's cancellation are satisfied, if the required notice and proof of Buyer's efforts and inability to get financing are not given to the Developer. Buyers have to satisfy other conditions besides just not getting financing in order to cancel in connection with financing, and should read the applicable Purchase Agreement carefully. Those other conditions include, among other things, diligent efforts to get the financing, specific obligations about financing applications, notice requirements, and complying with time limits.

Non-financing buyers may be required to demonstrate ability to pay the Developer by providing certain financial information and proof of financial ability. The developer

may approve or reject the buyer's intended status and if the status is rejected, the Developer may cancel the Purchase Agreement.

Upon effective cancellation of the Purchase Agreement by either the buyer's valid notice or by exercise of the Developer's option to cancel as stated in the paragraph of the Purchase Agreement entitled "Financing of Purchase," the buyer's payments to escrow will be refunded without interest, less the cost of any credit report, escrow cancellation fee and other costs actually incurred by the buyer's lending institution in processing the loan application or incurred by the Developer, including reasonable attorneys' fees.

6. Interest earned, if any, on buyers' escrowed payments, will be credited or refunded to buyer as provided in the Purchase Agreement. The buyer will not necessarily get any interest. The Purchase Agreement prohibits the Developer from disbursing the buyer's payments from escrow before closing to pay for construction of the Project buildings and other improvements.

7. The Developer may delay the buyer's moving into an apartment after closing for a reasonable time to promote orderly occupation of the Project. The buyer must also have closed and commenced paying maintenance fees, real property taxes and mortgage payments before occupancy will be allowed. Delivery of possession to apartment purchasers will be in the order of their Purchase Agreement dates, subject to completion of construction of the respective apartments. Failure to confirm the delivery date within a limited time could cause loss of the buyer's preference date for possession.

8. Buyers agree to accept possession despite non-completion of landscaping and other common elements, if the apartment is inhabitable. The Developer and its agents will have the right to enter the Project and the buyer's apartment to the extent reasonably required in order to complete work on the landscaping and common elements. The Developer agrees to perform such work so as to cause the least practicable annoyance to or interference with apartment owners. Buyers and their families and guests must stay out of construction areas and other areas in which work is being performed pending completion. Buyers agree to indemnify the Developer and the contractors and agents from loss or liability on account of entry to such areas.

9. The Purchase Agreement contains the buyer's agreement that the Developer may exercise its authority as the Project Board of Directors prior to election of the Board by the unit owners, to make any contracts, licenses and concessions needed for the Project, and that the buyer approves and ratifies employment by the Developer of a

managing agent for the Project and any agreement for such contracts, licenses and concessions. The Purchase Agreement also contains the buyer's agreement that the Developer may exercise all the powers of the Association and its Board and Officers until there is both recordation of the Apartment Deed to the buyer at closing and the Board of Directors and Officers of the Association are elected. Before recordation of any apartment conveyance at closing, the Developer remains the owner of that apartment and may exercise all the rights of the Association member as an apartment owner, including voting.

10. The Developer reserves the right to modify the condominium documents and other documents identified in the Purchase Agreement, subject to certain limitations.

11. If the buyer receives information about a proposed material change in the Project and a request for his approval prior to closing, the buyer has thirty days to approve or disapprove the change by written communication to the Developer. Failure to approve or disapprove within that time period is a deemed approval and acceptance of the change if the buyer is notified at the time the information is delivered that buyer will be deemed to have approved and accepted on account of such failure. Disapproval of the change will allow the Developer to cancel the Purchase Agreement without any liability to the buyer but unless required by law, the Developer will not be required to cancel the Agreement. Approval or deemed approval of the change will leave the Agreement in full force and effect. If the Developer does cancel on account of such disapproval, the buyer's funds will be returned without interest.

12. Buyers are required to perform under the Purchase Agreement strictly on time. A short grace period for cure of buyer's defaults is provided. A buyer's default may lead to retention of all buyer's payments by the Developer or pursuit of other remedies at law or equity against the buyer for specific performance, damages or other remedies. The buyer in any event may be liable for the Developer's costs including reasonable attorneys' fees. The Developer may also be entitled to a late charge of one percent per month on the amount of any payment not made on time under the Purchase Agreement. This means one percent per month on the whole purchase price if the late payment is due to failure to close on time. If the buyer fails to close the purchase on time, buyer could be liable in addition for the cost of maintenance fees and real property taxes beginning as of the scheduled date of closing. The Developer retains the right unilaterally to have the escrow agent pay the buyer's funds to the Developer in the event of cancellation of the Agreement pursuant to the buyer's default, and the buyer irrevocably instructs the escrow agent to make such payments to the

Developer upon the Developer's written certification of buyer's default to the escrow agent.

If the Developer defaults in performance of any material obligation required of the Developer under the Purchase Agreement, the buyer may either terminate the Agreement and obtain a refund of all payments together with interest earned, if any, or tender buyer's performance and obtain specific performance from the Developer. The buyer may also have the right to recover the buyer's costs including reasonable attorneys' fees from the Developer.

13. The closing-related amounts buyer must pay in addition to the purchase price are covered by the Purchase Agreement paragraphs entitled "Closing Costs" and "Pre-paid Items; Prorations." Buyers should read these provisions carefully and understand them.

14. Under the Purchase Agreement buyers agree to inspect the apartment, parking stall, standard appliances, and common elements on a date prior to closing as specified by the Developer's notice. Subject only to extension for matters beyond a buyer's control, the inspection is to be completed in 24 hours, and notice of defects discoverable at this initial inspection must be given within 24 hours after completing the inspection. Buyers also agree to certify the property condition including good working order of the standard appliances, plumbing and electrical fixtures in the apartment and to certify any claimed defects. Such certification will be binding on the buyer as to the condition of the property at the time of inspection. The buyer will be obligated to close by the scheduled date of closing notwithstanding defects, damages, non-installation or non-completion, if such matters do not make the apartment uninhabitable.

14A. In the Purchase Agreement, the Developer agrees to assign to buyers (who close) the general contractor's warranties, which the developer expects will be a limited warranty against defects in materials and workmanship, including an overall warranty and an agreement to correct specific defects for one year after substantial completion. The developer also warrants that the Standard Appliances and plumbing and electrical fixtures will be in good working order as of the date of closing, consistent with their age and prior use if any. Implied warranties on "consumer products" as defined in the federal law called the Magnuson-Moss Warranty Act, are limited in duration to the period of express warranty on such items. Other implied warranties and incidental or consequential damages are excluded. Manufacturers' and distributors' warranties will also be assigned to buyers who close, and defects in items covered by those warranties are to be corrected under those

manufacturers' and distributors' warranties before looking to the other warranties if the other warranties still apply.

Assigned warranties run to the buyer and the buyer's successors and assigns for the life of the warranty, but the Developer's warranty on standard appliances, plumbing and electrical fixtures is only to the initial purchaser from developer.

There are specified exclusions such as damage or defects from abuse, unauthorized changes, changes by others, improper maintenance or operation, normal wear and tear, natural events and negligence. There are particular notice requirements, and failure to give appropriate notices may waive the Buyer's right to have defects corrected. Buyers should read the provisions on exclusions and required notices completely.

If a contractor's warranty covers a defect, then Developer agrees to cooperate with the buyer in asserting claims based on warranties given by the general contractor for the project. If the Developer's warranty applies, the Developer also agrees to repair genuine defects in the Standard Appliances and plumbing or electrical fixtures in the apartments with reasonable promptness and to assist buyer in having genuine defects under the contractor's warranties corrected. If, however, buyer does not perform the inspection obligations in compliance with the Purchase Agreement, the buyer shall have waived all rights to the Developer's cooperation and assistance with assertion of claims and correction of defects and any claims against the Developer on account of such defects.

14B. The developer also reserves the right to provide warranties from the Home Owner's Warranty (HOW) Program for the apartments and residential buildings and any other portion of the common elements, if any, that the Program will cover. The HOW program is mentioned on page 16 of the Preliminary Public Report.

The foregoing provisions summarized or referred to in paragraphs 14, 14A, and 14B are outlined carefully in paragraphs 30 and 30A of the Purchase Agreement. Buyers should read such paragraphs completely.

15. Paragraph 30B of the Purchase Agreement provides for arbitration of disputes between the developer on one hand and any apartment owner or owners, the Board and/or the Association on the other hand, concerning any transaction in connection with the project. The arbitration requirement covers, but is not limited to, performance of the Purchase Agreement, interpretation of the condominium documents, and claims concerning construction, equipping, or transfer of the apartments and common elements for operation of the project.

There are specified exclusions and statements of situations in which the arbitration requirement will not apply. The arbitration will be in accordance with Hawaii's arbitration statute, Chapter 658 Hawaii Revised Statutes, and the condominium rules of the American Arbitration Association, and the Purchase Agreement contains other rules for conduct of the arbitration. There will be either one or three arbitrators named by the parties, as provided in Paragraph 30B. Expenses will be split, except each party will bear his own attorneys' fees unless doing so would be a gross injustice that allows the arbitration award to apportion the fees between the parties or award them to one of the parties. Purchasers should read paragraph 30B completely.

16. In paragraph 30C of the Purchase Agreement, the Buyers accept aspects of owning and using their apartments and the common elements in a multi-owner, shared-use resort property, including noises that may be nuisances. Pursuant to paragraph 30C, the developer excludes any representations or any warranty against unpleasant, disturbing, or nuisance noises, but agrees that subject to the other rights reserved to the developer, the developer will cooperate in enforcing applicable noise limitations.

17. In the Purchase Agreement, the buyer acknowledges and agrees that neither the Developer nor any entity, agent or other person related to or affiliated with the Developer is making or has made any offers of rental services, representation as to rental feasibility, or representation as to either economic benefits from the purchase or from rentals or as to tax treatment. The buyer also acknowledges and agrees in the Purchase Agreement that the Developer has not authorized any person at all to offer any such rental services or make any such representations, and the buyer must make his own arrangements and agrees to do so if he wishes to rent his apartment. The buyer agrees to consult his own advisers and to inform the Developer if any such offer or representation comes to the attention of the buyer.

No rental pools will be permitted in the project until the developer has sold and closed the sales of all the apartments in both Phase I and Phase II. Rental pools are defined in the Purchase Agreement. These provisions are in paragraph 32 of the Purchase Agreement. Buyers should read paragraph 32 completely.

18. The Purchase Agreement in paragraph 34A, contains provisions covering the possible merger of the project with one or more additional phases, pursuant to the provisions of the Declaration concerning such merger.

19. In the Purchase Agreement, the Developer reserves the right to maintain sales models, offices and advertising on the Project until the sale of all apartments

and to use and allow the Developer's brokerage personnel to use and transit the common elements, including use of any apartment belonging to the Developer as a model or sales office. The Developer also reserves the right to retain ownership of any of the project apartments for an indefinite period, rent out such apartments for long- or short-term rentals or sell or exchange them at any future time.

It is incumbent on buyers and prospective buyers to read the Purchase Agreement with care before execution. It is a formal legal document whose terms and conditions should be clearly understood by the buyers.

EXHIBIT L
to
Condominium Public Report
Grand Champions Villas II

INFORMATION ON PERTINENT ESCROW AGREEMENT PROVISIONS

An executed Condominium Escrow Agreement dated October 25, 1988, identifies Title Guaranty Escrow Services, Inc., a Hawaii corporation, as the escrow agent.

Among other provisions, the Escrow Agreement provides that a purchaser under a Purchase Agreement (sales contract) for a Project condominium unit shall be entitled to a refund of his funds and the escrow agent shall pay such funds to the purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have both requested Escrow in writing to return to purchaser the funds of purchaser held 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 validly exercised a valid right to cancel the sales contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has validly exercised a valid right to rescind the sales contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, 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) or (d) above, unless the purchaser has waived or is deemed to have waived the right to a refund, pay the purchaser's funds to the purchaser (less a cancellation fee in the case of an event described in (c) above for work done by Escrow prior to such cancellation and for other costs, up to \$250.00, and in the case of (a) above, less any amounts specified in such writing) and thereupon the 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.

The Escrow Agreement also provides that no disbursements other than refunds provided for in the Escrow Agreement will be made from escrowed money until conditions similar to those necessary to make the Purchase Agreement binding on a purchaser under the Purchase Agreement section called "Sales Based on Preliminary Report" are satisfied. Those conditions concern issuance of a Final Public Report on the project, delivery of appropriate public reports to the purchaser and a 48-hour opportunity to read those reports, and execution of the official receipt for such reports and waiver of the buyer's right to cancel or deemed execution and waiver.

The Escrow Agreement also provides that buyers' monies in escrow for purchase of any unit shall be disbursed in accordance with the directions of the Developer and Developer's mortgagee or said financially disinterested person only upon completion of the building containing the unit as to which disbursement is made, and when Escrow shall have received satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover claims if liens are filed; otherwise, forty-six (46) days after the filing of the affidavit of publication of notice of such completion in the office of the clerk of the circuit court in the county where the Project is located, a copy of which shall have been delivered to Escrow; provided, further that if any notice of mechanics' or materialmen's liens shall have been filed, the funds shall be disbursed only when such liens have been cleared or sufficient funds have been set aside to cover such claims. In other words, the Purchase Agreement prohibits use of escrowed payments to pay for Phase II construction costs before closing.

Under the Escrow Agreement, purchasers have a limited time to claim funds that escrow holds for refund to purchaser. The time is sixty days after notice of the refund. If the buyer fails to claim the funds in time, escrow can put them into a special account in the name of the Developer as Trustee for the buyer, notify the buyer of that, and be released from any further duties or liabilities concerning the funds and the buyer.

The Escrow Agreement provides that interest on escrowed money belongs to the Developer. This means only as between the escrow company and the Developer. A purchaser's right to interest, if any, on escrowed funds will be controlled by his Purchase Agreement with the Developer.

EXHIBIT M
to
Condominium Public Report
Grand Champions Villas II

ADDITIONAL INFORMATION

1. Wailea Community Association Membership. The Project is part of the Wailea Resort. The Project Association of Owners and each condominium unit owner will be automatic members of the Wailea Community Association or other association formed to replace or supplement it.

a. Costs and Assessments. Part of the maintenance fees of the Project will be used to pay for the costs and expenses of the Wailea Community Association according to the Project's share calculated under the Master Declaration that establishes the Wailea Community Association. The Project's share will be based on the proportion of voting units held by owners of the Project units compared to voting units for all properties subject to the Master Declaration. The allocation of voting units to different types of properties is specified in the Master Declaration.

Either directly or through his maintenance fees, any Project unit owner may be obligated to pay his share of general assessments for expenses budgeted by the Wailea Community Association Board of Directors and supplemental assessments to cover inadequacy of the general assessments, shortfalls, contingencies or non-payment by others. A Project unit owner will have to pay all of any special assessments for expenses caused by the owner's non-compliance with the Master Declaration. Assessments under the Master Declaration may be a lien on an owner's condominium unit in the same way that maintenance fees in the Project may be such a lien. The assessments are in addition to the other common expenses of actual Project operation.

b. Wailea Control. The overall Wailea Resort Developer, Wailea Development Company, Inc., maintains control of the Association and the approval of development in Wailea.

c. User Fees; Non-Project Facilities. Under the Master Declaration user fees may be charged for certain facilities in Wailea. The Developer of the Project (Grand Champions Villas Venture) does not guaranty apartment purchasers the right to use Wailea Resort or recreational facilities outside the Project.

d. Entry to Project and Apartments. The Wailea Community Association Board of Directors and the Design Committee and their authorized agents may enter the

Project (but not into any condominium apartment used for residential purposes) at all reasonable times and without advance notice or consent, to inspect for compliance with the Master Declaration. Upon two days advance notice to an apartment owner, the same entry may be made into the apartment for the same purposes. Emergencies are an exception in which entry may be made at any time and without any notice or consent. Owners may be required to produce documents to the Board or Design Committee to help evaluate compliance.

Prospective purchasers are advised to read and understand the Master Declaration.

2. Additional Declaration. An Additional Declaration on the Project contains other provisions that could affect Project purchasers. Among those provisions are the following.

a. Easements. The overall Wailea developer, Wailea Development Company, Inc. may grant easements within the Project boundaries as long as the easements are within existing established easement areas or setback areas of the Project land, and as long as all utility lines in the easement areas are underground. Wailea Development Company, Inc. has each Project unit owner's automatic irrevocable power of attorney under the Additional Declaration to grant such easements. Owners may also be asked to join in such easement grants. Grants may be made whenever deemed necessary or desirable by Wailea Development Company, Inc. or any other person for development of any property in Wailea or to comply with governmental requirements or utility needs. The easement grantee may do work within the easement area but will be obligated to restore it except for improper improvements or landscaping within it, and will also be required not to unreasonably interfere with the use of the Project. Other limitations and obligations of the easement grantee in favor of the Project apply under the Additional Declaration.

b. Golf Course. The Project is adjacent to a golf course. The Additional Declaration provides the following concerning indemnity of the Wailea Resort Developer by condominium unit owners in the Project, and the assumption of golf course risks by such owners:

"K. Golf Course Risks. The Property is adjacent to a golf course. Each Owner and every other person owning, occupying or possessing all or any portion of the Property (including any Unit) assumes complete risk of all injuries, deaths, losses, damages (including, but not limited to, consequential, special, exemplary and punitive damages) and nuisances occurring on the Property (including in any Unit) and arising out of any play upon or maintenance of such golf course, including, without limitation, stray golf balls and the spraying of herbicides and insecticides, except that no

such Owner or person shall be deemed to have assumed any risk resulting from Declarant's gross negligence or willful misconduct; and each such Owner and person agrees that any such play upon or maintenance of the golf course, and any claim, demand, action, loss, damage, liability, cost or expense arising therefrom, shall not constitute a breach of any covenant or warranty of Declarant or be the basis for a suit or other claim for injunction, abatement of nuisances or damages. Each Owner of Lot 336 or Lot 337 or of any Unit now or hereafter located thereon, shall jointly and severally indemnify, defend and hold harmless Declarant from and against all claims, demands, actions, losses, damages, liabilities, costs and expenses (excluding Declarant's attorneys' fees) filed against or incurred by Declarant, which arises out of any injury, death or damage to person, property or business that occurs on the Property (including in any Unit) and is the result of any play upon or maintenance of such golf course, including, without limitation, stray golf balls and the spraying of herbicides and insecticides, even if such injury, death or damage is the result of Declarant's negligence. For purposes of the preceding sentence, the term "Owner" shall not mean or include the Initial Owner after the construction of the Project has been completed and the Initial Owner (and each person controlled by or affiliated with the Initial Owner) no longer holds any interest in the Project. Nothing contained herein shall be deemed to require any Owner to indemnify Declarant for Declarant's gross negligence or willful misconduct.

Within a reasonable time after Declarant's receipt of any written claim, demand or action reasonably within the matters covered by the foregoing paragraph, Declarant will give written notice of such claim, demand or action to the Initial Owner or, upon the recordation of a Declaration of Horizontal Property Regime affecting the Property, give such notice to the Owners through the Board of Directors of the Association of Apartment Owners established by said Declaration."

In such Additional Declaration provision on golf course risk, the term "Property" means the Project land, the term "Owner" includes condominium unit owners in the Project, the term "unit" includes Project apartments, the term "Declarant" means Wailea Development Company, Inc. and successors and assigns, and the term "Initial Owner" means the Project Developer Grand Champions Villas Venture.

c. Entry to Project. Wailea Development Company and the Wailea Community Association may enter the Project land but not any apartment used for residential purposes at all reasonable times, without any advance notice or consent, to inspect for compliance with the Additional Declaration.

Each prospective purchaser should read and understand the Additional Declaration provisions.

3. Contractor-Developer Affiliation. The general construction contractor for the Project, when selected, may be a corporation affiliated with one general partner of Maluhia Wailea Venture (Maluhia Wailea Venture is a general partner of the Developer) in that the same shareholder owns both companies and is the chief executive officer of both companies.

3A. Apartment Number 1. The Developer reserves the right to sell and convey apartment number 1, located on Phase I, including the limited common elements appurtenant thereto, free and clear of any mortgage lien, to the Association of Apartment Owners or to the Board or other person(s) as appropriate to hold title for the Association, for use as a resident manager's apartment or for such other use as the Association may duly approve. If such sale and conveyance are made, the Developer will close the sale of apartment number 1 and convey ownership of apartment number 1 prior to the date when all apartments in Phases I and II are sold and conveyed; provided that if Phase II is withdrawn from the plan of incremental development described herein, then the conveyance of apartment number 1 may be made to the association of owners of Phase I only, at a time determined pursuant to the condominium declaration for Phase I, and in the event of such withdrawal, apartment number 1 will not be owned or used by Phase II apartment owners.

If Phases I and II are merged, the Association to or for which the conveyance is made will be the Association of Apartment Owners of the Merged Project (or, pending merger, the Associations of both Phase I and Phase II). If Phases I and II are not merged, the Association to or for which the conveyance is made will be the Phase I Association.

The sale price to the Association for apartment number 1 shall be \$260,000.00 plus certain closing costs, which closing costs shall be divided between the Developer, as seller, and the Association, as purchaser.

The \$260,000.00 sale price shall be collected by assessing a fee at closing against the purchasers of apartments numbers 2 through 106 in Phase I and, if Phase II is to be merged or is merged with Phase I, also against the purchaser of each of the 82 apartments in Phase II. If Phase II is not to be merged with Phase I, the Developer shall pay the fee that would have been assessed on the 82 Phase II apartments.

During the time apartment number 1 is owned by or for the Association, apartment number 1's proportionate liability for common expenses and special assessments and all other expenses related to apartment number 1, or for which

the owner of apartment number 1 is responsible, shall be paid by the owners of all the other apartments as a common expense according to such other apartments' respective common percentage interests.

4. Other Easements and Reserved Rights. Besides the easements reserved to the Developer for the purpose of constructing, developing, and merging another phase with the Project (Phase II), the Project Declaration provides for other various easements and reserved rights. The other easements and rights include, but are not limited to, the following:

a. Entry. The Project Association of Apartment Owners may enter each apartment and the limited common elements (other than mailboxes) from time to time during reasonable hours as necessary for operation of the Project or at any time to make emergency repairs or prevent hazards to personal safety, loss of services to the Project, or damage to any apartment or common elements or for the installation, repair or replacement of any common elements. Such right may be exercised by the Board of Directors or managing agent.

b. Bridge. The easements also include a bridge easement: The bridge at the Phase I entrance extends across the Phase I boundary and is located partly on the Phase I land, and partly on adjacent land. Adjacent property owners and guests may use the bridge on the Phase I land, including the owners of the Phase II units and their guests and the owners of other land near the Project and their guests. Easements in favor of the Developer for construction, maintenance, repair, replacement, use, entry on the Phase II land, and other matters concerning the bridge are also reserved. The Developer has reserved the right to transfer the reserved rights, to grant easements on the Phase II land to others to use the bridge for access, and to accept easements on other land in favor of the Phase I and/or Phase II Associations for the Associations to own, deal with, and use the bridge. Since the bridge is a common element of Phase I and may become a common element of the merged project, and even without merger, may be used by Phase II owners and their guests, after Developer's initial construction the Phase I and Phase II Associations will be responsible to maintain, repair, and reconstruct the bridge as necessary, including parts that are on land adjacent to Phase I.

The Developer has further reserved the right to make agreements that are binding on the Phase I and Phase II apartment owners with other persons in connection with the bridge. Such agreements may create rights, obligations, and liabilities of the Project apartment owners, such as keeping the bridge in safe condition, insuring it against damage or loss, insuring the Association against liability

for personal injury and property damage in connection with the bridge, and indemnifying adjacent owners against any claims or liabilities in connection with the bridge. The agreement may require the Project Association to name adjacent owners as additional parties covered by such insurance. The agreement may affect landscaping near the Project entrance and may give the adjacent owner (on whose land part of the bridge is located) the right to approve changes in the bridge plans and specifications. The agreement may contain other terms, and all the terms may be decided upon by the Developer in its sole and absolute discretion, and Project purchasers give the Developer a power of attorney to make such easement grants, acceptances, and agreements.

For more specific provisions about the reserved rights, prospective purchasers should refer to the terms of the Declaration for the Project.

One of the partnerships (Maluhia Wailea Venture) constituting the Developer is owner of the adjacent land into which the bridge extends across the Phase I boundary. That owner may develop and construct on the adjacent land and transfer such land to one or more other persons subject to the easement in favor of the Association to have the bridge extend into the adjacent land.

The Developer has made a grant of easement and acceptance of easement and an agreement pursuant to the reserved rights described above and may make amendments thereto. The grant, acceptance, and agreement are with the Maluhia partnership as owner of the adjacent land, and terms are included concerning the points mentioned above, as well as other provisions. The grant, acceptance, and agreement will continue to operate between the Phase I and Phase II Associations and Maluhia's successors and transferees of the adjacent land. Prospective purchasers may request a copy of such agreement from the Developer or the Project broker for review.

5. Separate Utility Meters. Subject to any approval requirements and spending limits contained in the Project Declaration or the By-laws, the Project Board of Directors may authorize installation of meters to determine the use by apartment owners of utilities. The cost of such separately metered utilities shall be paid by the owners of such apartments based on actual consumption and may be collected in the same manner as common expense assessments. Owners' maintenance fees may be adjusted as necessary to avoid duplication of charges to those owners for the cost of such separately metered utilities.

6. Policy on Special Conditions. The Developer regrets that it cannot agree to special conditions frequently

requested by purchasers. The Developer believes that effective administration of a development having the size of the Project depends on strict adherence to a development plan.

7. Future Development at Wailea. Wailea Resort is an ongoing project that includes hotels, multi-family and single family housing, recreational facilities, commercial improvements, and land under development and construction or awaiting development and construction. Construction work on existing improvements or to build new improvements may occur at various times and locations in and around Wailea. The plan for development of the remaining acreage in Wailea Resort is shown on the current Master Plan Map of Wailea Development Company. The Master Plan Map is available from the Maui County Department of Planning. Owners of property at Wailea should expect that the Master Plan Map may be amended from time to time, and that development of the remaining acreage is likely to proceed at a pace dictated by government regulation and economic and market conditions. The development plan may change because of regulation, economics, or the market, or for other reasons or at the sole discretion of Wailea Development Company. Prospective buyers may review the Master Plan Map and the Wailea Development Plan. A buyer's making a binding Purchase Agreement means that he has made such a review or that he waives such review, but in either case he acknowledges that he is as familiar as he wants to be with the proposed master plan for the development of Wailea and does not object to it or the matters stated in this paragraph.

7A. Sewerage. The County of Maui has previously restricted or delayed the approval of actual sewer hook-ups for some projects at Wailea pending an increase in capacity of the sewage treatment and transmission facilities that serve Wailea, including the Project. However, the Shoreline Management Area (SMA) Permit for the Project (which involves a consideration of available sewerage capacity) was issued pursuant to a staff report by the County Planning Department staff that indicated adequate sewerage capacity for the Project existed. The staff report was based upon the Project's consulting engineer's conclusion that the existing sewerage system and treatment facilities in Wailea and Kihei have adequate capacity to handle all wastewater from the Project. The staff report also stated that Department of Public Works comments concerning the Project in connection with SMA Permit processing raised no concerns relative to such matter. The Project building permits were also issued without any express restrictions on sewerage hook-ups. The Developer believes that the Project is entitled to sewerage hook-ups upon completion without unreasonable restriction or delay.

8. Extension of Piilani Highway. An extension of the Piilani Highway to Wailea Ike Drive is planned. When the

highway extension is completed, it is anticipated that Wailea Ike Drive will become the main entrance to Wailea Resort and that Wailea Ike Drive will be expanded to a four-lane divided road. It is also planned that Wailea Alanui will be expanded from its present two lanes to a divided four-lane highway. Current plans are to locate the two additional lanes on the makai side (ocean side) of the existing two lanes.

9. Definition of Space. Purchasers are reminded that the Developer has used interior dimensions in all brochures and Public Reports to define the space within the units.

10. Preclosing. Purchasers are reminded that there is a pre-closing requirement and that the pre-closing process will commence approximately 60 days prior to estimated closing. A more detailed account of the closing procedure is in the Purchase Agreement.

11. Conveyances. The Developer intends to record unit title transfers as soon as possible after the County of Maui issues the Certificate of Occupancy for the building containing the unit being transferred.

12. Optional Selections. A purchaser's making a binding Purchase Agreement means that he has received information concerning optional items such as air conditioning and washers and dryers, is familiar with that information, and has made his selections.

13. Unit Occupancy. No entry (except temporary entry for inspection after completion) is permitted into a purchaser's unit prior to receipt of the Certificate of Occupancy from the County and recording of the apartment deed.

14. Estimated Amounts. All amounts disclosed to Purchaser for items such as maintenance fees and real property taxes are only estimates. By making a binding Purchase Agreement, a Purchaser acknowledges he has seen such estimates.

15. Escrow Payee. Purchaser should make his check for purchasing his apartment payable to Title Guaranty Escrow Services, Inc.

16. No Verbal Representations. The Purchase Agreements contain an "integration" clause. Among other things, this means that Purchaser must rely on documents and not on any verbal representations.

17. Interest. The anticipated rate for interest earned on deposits held by escrow is 5% per annum, although interest is not guaranteed. If interest is earned, the

anticipated dates of accrual are from approximately the date funds are actually received by escrow (date checks clear) until approximately the date of apartment deed recordation. Interest will accrue to the Purchaser's account if the transaction closes, but under any other circumstance interest accrues to the seller's account.

18. No Nominees. The Developer will deed a unit only to the buyer shown on the Purchase Agreement. Any named buyer who is in effect a straw man for another purchaser must make his own arrangements through escrow or otherwise for the reconveyance of the property and must avoid delays on account of any such reconveyance. Delays in the closing or the receipt of funds because of such a reconveyance or other use of a straw man or nominee will automatically be treated as a violation of a Purchaser's obligation to close on time.

19. Changes in Purchase Agreement. The Purchase Agreement between the Developer and Purchaser may not be altered or amended without the consent of the Developer. There will not be any changes to the Purchase Agreement which delay the closing of the sale.

A Purchaser making changes approved by the Developer in the Purchase Agreement after escrow has been opened (such as a change in tenancies or switching from personal to corporate ownership) will be charged a \$250 administrative fee in addition to the cost of any delay resulting from such change. It is at the Developer's sole discretion to allow any change.

20. Plans and Specifications. By making a binding Purchase Agreement, a Purchaser is acknowledging the following:

a. View and Other Familiarity. That he has had an opportunity to review the site plan (including view orientation) and plans and specifications, and in particular is familiar with the window configuration, lanai/deck configuration, kitchen counter pass-through, bathroom accessories and flooring systems.

b. Small Variations. These Project units are to be built on a "production" basis and unit dimensions may vary slightly from plans. The Developer may make non-material field changes in the course of construction.

c. Landscaping. The Project is to be landscaped to the same standard as other Wailea projects. Landscape plans available for review are intended to demonstrate the quality of the coverage. It is at the sole discretion of the Developer to adjust the plans as to number of plants, size of plants, location of plants and type of material to obtain the desired finished appearance. Landscaping installation will commence during the final phase of building construction and will continue after the apartment deliveries take place. The completion of the landscape installation may require two or more months after all other construction is completed, and replacements of plants may occur after that. The full benefit of landscaping requires substantial additional time for growth of the

plants. Landscaping depicted in any site model, rendering and any other promotional material depicts mature growth. When the Project is ready for deeding of apartments, much of the landscaping may be in a very young state and it may be some time before plants mature to their ultimate appearance.

d. Noise. Each Purchaser is buying an attached residential unit and must understand that noise is to be expected from other residential units on either side and above or below his unit and from other areas of the Project or adjacent property. The Project is near the Wailea Tennis Center and several golf fairways, for example. The Developer has incorporated noise reduction material into the design of the Project, but the Developer cannot make a representation that the units are soundproof or free from noises that may disturb Project occupants or users or be nuisances. Any remodeling Purchaser does to the unit, including but not limited to changing flooring materials, must meet the standards for noise reduction set forth in the plans and specifications. Owners must minimize noise, to the extent reasonably possible, from Purchaser's unit, whether caused by Purchaser, by other residents of Purchaser's unit, or by persons visiting Purchaser's unit.

21. Advertising Material and Displays. By making a binding Purchase Agreement, a Purchaser is acknowledging the following:

a. Furniture. Furniture layouts shown in any advertising material are only an artist's concept. The apartments are not being sold furnished.

b. Tile. The floor and counter tiles in the kitchens, entries, baths, lanais and living/dining room areas will be manufactured to the Developer's specifications, but due to the process of manufacture, the glaze, mottling, and color may vary slightly.

c. Windows. The window covering sample shown on the sales display board is a production sample and may vary somewhat from the machine run to be produced for the Project.

d. Carpets. Carpet samples shown are from existing supplies. Project carpets will be produced at a later date. Although manufacturers strive for consistency of product, dye lots vary from run to run.

e. Models. Purchaser is directed to the construction drawings for identification of specific details. Renderings, models, and advertising material are often of a scale and constructed of materials which cannot be directly correlated to production units. Efforts have been made by the Developer to have renderings, models and other advertising material be as representative of the final product as reasonably possible, but some variations may exist.

22. Air Conditioning Policy. To promote service to Purchasers, the Developer has adopted the following policies regarding air conditioners. It is the Developer's policy to discourage the

installation and use of air conditioning throughout this Project for the following reasons:

1. They consume large amounts of energy.
2. They are expensive to operate.
3. They generate noise.
4. They are not compatible with the architectural feelings of Wailea.

The Developer recognizes individual preferences do vary, however, and therefore provides locations for air conditioners in all living rooms and bedrooms. These locations are provided with both an electrical outlet (220 volts) and a condensate disposal method. Any air conditioners installed by buyers must be installed in the locations provided and are prohibited elsewhere. In addition, no air conditioning unit may protrude from an exterior wall except where screened from exterior view by a lanai railing or lattice cover. Owners will be responsible for controlling noise from air conditioners and repairing them when necessary.

23. Miscellaneous. By making a binding Purchase Agreement, a Purchaser is acknowledging the following:

a. Changes in Plans. The Developer is not obligated to approve any modifications to the plans or specifications and no representations have been made by the Developer as to the possibility of future modifications to the units, building, or other improvements.

b. Delivery Date. Representations as to the approximate delivery date of units are the Developer's best estimate; the schedule is subject to change due to circumstances beyond the Developer's control.

c. Non-Individual Buyers. Purchasers purchasing as corporations or partnerships have been advised that registration with the Hawaii State Department of Commerce and Consumer Affairs may be required. Purchasers should consult their own attorney for advice on such registration.

d. Commencing Payments. Purchasers are aware that units may commence paying maintenance fees upon issuance of Certificates of Occupancy. Start-up contributions are a multiple of the projected monthly maintenance fees.

e. Cost Breakdown. No breakdown of costs between land and improvements or personalty will be provided purchasers for tax purposes. Purchasers should consult with their own tax advisors on such allocations.

f. Furniture, Fans, and Air Conditioning Information.

Any brochures and informational material available at the sales office concerning furniture, ceiling fans and air conditioning are available strictly for the convenience of our purchasers. The Developer makes no warranties or guarantees or representations as to such products, including the quality of service.

g. Safety. Purchasers acknowledge and understand the goal of safety for all individuals and property on the project and acknowledge the duty of each resident to inform the managing agent of any situations Purchasers are aware of that may endanger the safety of persons or property on the Project.

EXHIBIT N

GRAND CHAMPIONS VILLAS II

REGISTRATION NO. 1989

DISCLOSURE ABSTRACT AS OF SEPTEMBER 12, 1988

1. Project Name and Address: Grand Champions Villas II, Wailea Ike Place, Kihei, Maui, Hawaii 96753.
2. Name, Address and Telephone Number of Developer: GRAND CHAMPIONS VILLAS VENTURE, 161 Wailea Ike Place, Wailea, Kihei, Maui, Hawaii 96753, (808) 879-0664.
3. Managing Agent of Project: The development manager is Bergheer Wailea, Inc., general partner of Maluhia Wailea Venture (Maluhia Wailea Venture is general partner of the Developer), whose address and telephone number are the same as those of the Developer. The Developer intends to use Destination Resort Management, Inc., 3750 Wailea Alanui, Wailea, Kihei, Maui, Hawaii 96753, (808) 879-5241 or 879-7133, as the initial managing agent for the condominium association (subject to such company's required registration with the Hawaii Real Estate Commission as a condominium managing agent) and intends to execute a Condominium Management Agreement for the Project with that company. The Agreement would require such registration and, when executed, will be available upon request from the Developer or the Project broker for prospective purchasers to examine if desired.
4. Maintenance Fees: The breakdown of the annual maintenance fees and of the monthly estimated costs for each

dwelling, which is hereby certified to be based on generally accepted accounting principles, is more particularly set forth in Exhibits "N-1" and "N-2" attached hereto and made parts hereof.

The attached breakdown of annual maintenance charges and of the estimated cost for each apartment is subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include or take into account the buyer's obligation for the payment of assessments by any community association, property owners' association, or the like applicable to projects or properties in the Wailea Resort. The breakdown also does not cover any amounts required to be paid in addition to the normal monthly maintenance charge, including the amounts payable at the initial purchaser's closing for the one-time "start-up" fee for capital expenditures, the maintenance fee reserve payment, and the assessment for the purchase by the Project owner's association of the resident manager's apartment. The "start-up" fee, maintenance fee reserve payment, and the assessment for the resident

manager's apartment purchase are all payable by each apartment buyer at closing of his purchase and are described in the apartment Purchase Agreement or an addendum thereto.

The budget reserves include an amount of \$820.00 per month for application to future costs of maintenance, repair, and replacement (after initial construction) of the roadway constituting Wailea Ike Place and the driveway from Wailea Ike Place to the Project; the Project Association (together with the owners of Phase I) will be responsible for half of such costs as to Wailea Ike Place and all of such costs as to the driveway. Upon merger of Phase I and Phase II, the costs will be apportioned like other common expenses between Phase I and Phase II. In the absence of merger, a reasonable apportionment based on usage will be made.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN ALSO VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS OR DEEMED NECESSARY OR APPROPRIATE BY THE DEVELOPER. THE BUYER SHOULD BE AWARE OF THESE FACTS AND SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. Warranties: The dwellings and the common elements of the Project are expected to have the benefit of

an overall limited warranty from the general contractor against defects in materials and workmanship, in the construction contract for the Project when that contract is made. The warranty is expected to include the general contractor's one-year limited warranty for specific correction of defects in materials and workmanship in the apartments and common elements of the Project. The Developer intends to assign these warranties to buyers who close.

The assigned warranties are expected to cover all the work, labor, and materials provided by the contractor, but they are called limited warranties because the duration of implied warranties will be limited, consequential and incidental damages will be excluded, there will be conditions the buyer must satisfy (including inspection within a limited time, certification as to inspected condition, and dealing first with any applicable distributor's or manufacturer's warranty) in order to have the warranties apply, and there may be other exclusions.

The above warranties are expected to commence as of the date of the issuance of a Certificate of Substantial Completion for such dwellings and common elements. It is estimated that the dates of Substantial Completion of various buildings and other common elements in the Project, and therefore commencement dates of the above warranties, will be approximately from June 1989 to June 1990. Different buildings and other parts of the common elements may have different dates of Substantial Completion,

so purchasers should note the beginning dates and periods of the above warranties for their particular units or buildings and for other common elements.

The Developer makes a separate limited warranty as to the condition of the Standard Appliances and plumbing and electrical fixtures in the apartments on the closing date. This warranty is called a limited warranty also, for the same reasons stated above.

The assigned contractor's specific-correction limited warranty is expected to run one year from the applicable date of Substantial Completion. The construction contract is not expected to state that the assigned contractor's overall limited warranty is only for the one-year period, but the duration of the overall limited warranty--that is, the permissible period for making claims--will be limited by law, including the Hawaii statute of limitations in Chapter 657, Hawaii Revised Statutes.

Appliances and other items may have distributors' or manufacturers' warranties. The Developer will assign these warranties also, if applicable, but will not be a warrantor under them. The commencement and duration of distributors' and manufacturers' warranties may vary, and buyers are advised to acquire copies of those warranties and understand their terms.

In the Purchase Agreement the Developer also reserves the right to adopt a separate warranty agreement on the residential buildings and apartments under the Home

Owners Warranty ("HOW") Program, which is described in the Project Public Report, and a buyer's acceptance of the Final Public Report and making his Purchase Agreement binding will be automatic acceptance by the Buyer of the "HOW" Program.

Prospective buyers are directed to the Purchase Agreement and to any separate statement of such warranties for additional and complete statements of warranties, and prospective buyers may also examine the construction contract terms and "HOW" warranty documents containing the warranties mentioned above and any distributors', manufacturers' and contractors' additional warranties, if any. The buyer should read the warranty statements and agreements completely. Such documents will be available from the Developer or the Project broker or Managing Agent.

6. Use: The Project consists or will consist of eighty-two (82) dwellings which shall be occupied and used only for permanent or temporary dwelling purposes and may be utilized for long-term or transient rentals, but no time-sharing or "interval ownership" sales shall be permitted.

Until sales of all the apartments in Phase II of the Project and in any additional phases that are intended to be merged with Phase II are closed, no apartment owner, including any successor or assign of a previous apartment owner, shall enter into a rental pool arrangement or agreement. "Rental pool" includes, but is not limited to, any arrangement or agreement under which an apartment owner

receives a share of proceeds from an aggregate of proceeds from apartments; "rental pool" does not include a non-aggregated, separate arrangement or agreement for rental of the owner's individual apartment.

The land in the Project also is or will be subject to one or more Declarations of Covenants and Restrictions concerning requirements, restrictions, and other provisions applicable to the Project as property in the Wailea Resort, and subject to certain reservations, and to use provisions in the Declaration of Horizontal Property Regime, By-laws, and House Rules. Copies of the above documents containing the various use provisions are available for purchasers to examine, and purchasers are encouraged to read those documents.

Subject to applicable restrictions, including the foregoing use provisions, the owners of the respective apartments, including the Developer and any affiliate thereof as to any number of apartments owned, shall have the right to retain, sell or otherwise transfer, rent or lease the same including but not limited to rentals or permitted occupancies for any length of time.

7. Extent of Non-Residential Development. The Declaration and By-Laws do not expressly authorize any commercial or other non-residential use of the Project, except that subject to applicable zoning ordinances and private use restrictions, the apartment owners may use, or the Board of Directors may authorize use of, the common elements for activities reasonably incidental to or necessary

for such rentals. The By-laws also provide pursuant to law that subject to satisfaction of certain conditions, the Board of Directors may change the use of the common elements and lease or otherwise use common elements for the benefit of the Association.

8. Common Expenses. Pursuant to Hawaii Revised Statutes, Section 514A-15(b), the Developer hereby states that some or all of the apartment owners will not be obligated for payment of their respective shares of the common expenses until such time as the Developer files with the Real Estate Commission of the State of Hawaii an Amended Disclosure Abstract providing for a date certain after which the purchasers or owners of the apartments designated in the Amended Disclosure Abstract shall be obligated to pay their respective shares of common expenses that are allocated to their apartments. Until such date certain, the Developer will bear actual expenses of the Project, as opposed to scheduled maintenance fees and other charges whether actually incurred or not. The Developer hereby gives notice that the Developer may file such Amended Disclosure Abstract and specify such a date certain that an apartment owner will be obligated to begin paying scheduled maintenance fees and other charges as of any date on which a Certificate of Occupancy is issued for that owner's apartment; provided, however, that such Amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the

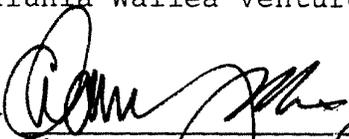
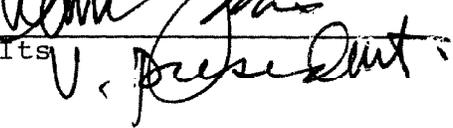
apartment owners whose maintenance expenses were assumed by the Developer.

DATED: September 12, 1988 .

GRAND CHAMPIONS VILLAS VENTURE,
a Hawaii general partnership

By Maluhia Wailea Venture, a
California general
partnership resistered to do
business in Hawaii, its
general partner

By Bergheer Wailea, Inc., a
Hawaii corporation,
general partner of
Maluhia Wailea Venture

By 
its  President

STATE OF HAWAII)
) SS.
COUNTY OF HONOLULU)

On this 12th day of SEPTEMBER 1988, before me personally appeared CHARLES JENCKS, to me personally known, who being by me duly sworn, did say that he is the VICE PRESIDENT of BERGHEER WAILEA INC., a Hawaii corporation, one of the general partners of MALUHIA WAILEA VENTURE, a California general partnership registered to do business in Hawaii, Maluhia Wailea Venture being one of the general partners of GRAND CHAMPIONS VILLAS VENTURE, a Hawaii general partnership; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said officer acknowledged the instrument to be the free act and deed of said corporation and said partnerships.

Teresa M. Omai
Notary Public, State of HAWAII

My Commission Expires: 4/10/92

EXHIBIT N-1

GRAND CHAMPIONS VILLAS II

PROPOSED BUDGET

1989

RECEIPTS	MONTHLY	ANNUALLY
Maintenance Fees	17,530	210,360
Interest on Reserves	5	60
Miscellaneous Income	0	0
Total receipts	17,535	210,420

DISBURSEMENTS

Mtce/Repair-Buildings	155	1,860
Mtce/Repair-Equipment	80	960
Mtce/Repair-Grounds	2,662	31,944
Supplies-Buildings	155	1,860
Supplies-Grounds	310	3,720
Supplies-Other	115	1,380
Refuse Service	350	4,200
Security	1,646	19,752
Pest Control	235	2,820
Cable Television	820	9,840
Telephone	80	960
Electric	928	11,136
Water/Sewer	1,625	19,500
Management Services	2,875	34,500
Accounting	1,138	13,656
Insurance	2,320	27,840
Audit/Tax Fees	138	1,656
Legal Fees	55	660
Taxes-General Excise	1	12
Taxes-Real Property	0	0
Reserve Fund	1,505	18,060
Capital Expenditures	342	4,104
Total Disbursements	17,535	210,420

EXHIBIT N-2

GRAND CHAMPIONS VILLAS II

ESTIMATED MAINTENANCE FEE SCHEDULE

1989

<u>Unit Type</u>	<u>No. of Units</u>	<u>Percentage Common Interest (Each Unit)</u>	<u>Estimated Monthly Maint. Fee</u>	<u>Estimated Annual Maint. Fee</u>
1 and 1R	34	1.06610%	\$186.89	\$2,242.68
2 and 2R	34	1.17779%	206.47	2,477.64
3 and 3R	14	1.69341%	296.85	3,562.20

Percentage common interests will decrease and maintenance fees may increase or decrease in connection with merger of an additional increment, and maintenance fees may increase or decrease in connection with withdrawal of the Project land from the plan of development that covers adjacent land in Phase I.

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