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

CONDOMINIUM PUBLIC REPORT

on

THE PALMS AT WAILEA

Wailea Alanui Drive
Wailea, Maui, Hawaii

Registration No. 1991 (Partial Conversion)

Issued: December 29, 1989
Expires: January 29, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 2, 19 89 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

___ PRELIMINARY: (yellow) — The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.

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

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

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

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

FORM: RECO-30 286/986-350W, 150Y, 50P

Summary of Changes from Earlier Public Reports:

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

1. Three (3) of the Apartments of the B-1 Apartment-Type have been modified and re-designated as H-1 Apartment-Type. These apartments have features which make them more convenient for physically handicapped persons. The configuration of each of the Apartments remains similar to the B-1 Apartment-Type, however.

2. Five (5) of the Apartments of the A-1 and five (5) of the Apartments of the A-2 Apartment-Types have been modified and re-designated as A-1a and A-2a Apartment-Types respectively. These apartments remain similar to the A-1 and A-2 Apartment-Types respectively, except that the size of the lanais/patios have been enlarged.

3. Buildings 7, 8, 9, 11, 13, 14, 18 and 21 have been relocated on the site, as shown on the Site Map (page 1 of the Condominium Map).

4. Several of the buildings have been connected to one another by non-structural components. The buildings which were so connected are as follows: Buildings 5, 19 and 18; Buildings 15, 16 and 17; Buildings 7 and 8; and Buildings 9, 10 and 11.

5. The Recreation Facility has been modified, and there has been added a second condominium apartment located with the Facility. The second condominium apartment is designated on the Condominium Map and in the Declaration as Apartment No. "NR-2".

6. The provisions of the Sales Contract have been modified with respect to the payment of interest on purchasers' funds, and the provisions relating to the closing date and pre-closing procedures have been modified.

7. The Developer has entered into a general construction contract with G.W. Murphy Construction Co., Ltd.. Construction is contemplated to begin on or about June 1, 1989. The Developer has delivered to the Real Estate Commission copies of a Payment and Performance Bond securing the obligations of the general contractor. The general contractor's estimated date of completion is June, 1991.

8. County of Maui has issued Building Permits for the Project. For more complete discussion relating to the Building Permits, please turn to Section IV of this Final Public Report (page 18).

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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:

Fee simple interest in an apartment and an undivided interest in the project's common elements.

Type of Project:

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

2. [ ] Residential [ ] Commercial
   [x] Mixed Residential and Commercial
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [x] Low Rise

4. [ ] Single or [x] Multiple Buildings

5. Apartment Description

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
SEE EXHIBIT "A" attached				
Eleven (11) types of residential one and two bedroom units				
with one or two bathrooms, all with lanais				
Two (2) non-residential apartments				

Total Apartments: 152

*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)	152
Guest Stalls	
Unassigned Stalls	150
Extra Stalls Available for Purchase	
Other: _____	
Total Parking Stalls	302

7. Recreational amenities:

The Project will have a Recreation Facility (excluding the two Non-residential Apartments located therein), which will include swimming pool, spa and an entertainment area.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: The Palms at Wailea Venture
Name
1580 Makaloa Street, Suite 500
Business Address
Honolulu, Hawaii 96814

Phone: 524-2600
(Business)

Names of officers or general partners of developers who are corporations or partnerships:
General Partner: The Beam Venture, a Hawaii general partnership of McCormack Properties, Ltd., a Hawaii corporation (Michael T. McCormack - President) and Bradley Holdings, Ltd. a Delaware corporation (Richard Bradley - President)

Real Estate Sales Agent: Coldwell Banker McCormack Real Estate (Hawaii and U.S.)
Name
1580 Makaloa Street
Business Address
Honolulu, Hawaii 96814

Phone: 524-2600
(Business)

-and- **

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Phone: 521-0211
(Business)

Managing Agent: Hawaiiana Resorts, Inc.
Name
1270 Ala Moana Boulevard
Business Address
Honolulu, Hawaii

Phone: 523-7785
(Business)

Attorney for Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

** C. Itoh & Co., Ltd.
5-1, Kita-Aoyama 2-chome
Minato-ku, Tokyo, Japan

Note: C. Itoh & Co., Ltd. is not a licensed real estate broker in the State of Hawaii and is prohibited from engaging in real estate activities in this State until it is duly licensed.

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 _____
[x] Filed — Land Court — Document Number 1649066

Amendment date(s) and recording/filing information:

Amendment No. 1 dated September 18, 1989, filed as Document No. 1669456

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. _____
[x] Filed — Land Court Condo Map No. 725

Amendment date(s) and recording/filing information:

C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[ ] Recorded — Bureau of Conveyances — Book _____ Page _____
[x] Filed — Land Court — Document Number 1649067

Amendment date(s) and recording/filing information:

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

The House Rules for this condominium are:
[x] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%, except when a higher percentage is required in specific provisions of By-Laws
House Rules	–	Majority of Board of Directors

The percentages for individual condominium projects may be more than the minimum set by law.

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

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment deed or other conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project, or by any governmental agency of any other jurisdiction as a condition to marketing the Project in such jurisdiction; (c) to file the "as built" verified statement required by Section 514-A-12, HRS; and (d) at any time to effect the changes provided in Section 22 of the Declaration, including the right to add Phases II and III of the Project.

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Exhibit _____ contains further explanations.

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi—Annually [ ] Annually

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

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

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

Exhibit _____ contains further explanations.

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi—Annually [ ] Annually

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

[ ] Other:

For Subleaseholds:

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

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

B. Underlying Land:

Address: Wailea Alanui Drive
Wailea, Maui, Hawaii

Tax Map Key: 2-1-008-082(2)
(TMK)

[ ] Address [ ] TMK is expected to change because _____

Land Area: 16.727 [ ] square feet [x] acre(s)

Zoning: A-1

Fee Owner: The Palms at Wailea Venture
name
1580 Makaloa St., Suite 500
address
Honolulu, Hawaii 96814

Sublessor: _____
name
_____
address
_____

C. Buildings and Other Improvements:

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

2. Buildings: 23 residential Floors Per Building: various
1 Maintenance Building, 1 Recreation Facility
[x] Exhibit B contains further explanations.

3. Principal Construction Material:

[x] Concrete [ ] Hollow Tile [x] Wood

[x] Other tile roofs, exterior synthetic plaster finish, wood framed windows, glass, steel and aluminum

4. Permitted Uses:

		No. of Apts.			No. of Apts.
[x]	Commercial	2	[ ]	Industrial	
[x]	Residential	150	[ ]	Agricultural	
[ ]	Timeshare/Hotel		[ ]	Recreational	
[ ]	Other:				

5. Special Use Restrictions:

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

[x] Pets: Not allowed

[x] Number of Occupants: Two(2) per bedroom, except for immediate family members; Four (4) per bedroom maximum

[x] Other: No Time Share Units as defined in Chapter 514E, H.R.S. are permitted

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 152

Elevators None Stairways Various Trash Chutes No

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
SEE EXHIBIT "A" attached				
Eleven (11) types of residential one and two bedroom units with one or two bathrooms, all with lanais				
Two (2) non-residential apartments				

*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 "C" attached

Permitted Alterations to Apartments:

See Exhibit "D" attached

7. Parking Stalls:

Total Parking Stalls: 302

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		152					152
Guest							
Unassigned		150					150
Extra Available for Purchase							
Other:							
Total Covered & Open	302						

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

[ ] Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[x] Swimming pool

[x] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[X] Other: Recreation Facility
Maintenance Building

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

With regard to the existing apartments (Apartments 2001 and 2002) the present condition of all structural components and mechanical and electrical installation material to the use and enjoyment of the condominiums appear to be good.

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

There is compliance with Building Code and County Regulations. See letter from County of Maui Building Department dated October 2, 1989.

10. Conformance to Present Zoning Code

a. [x] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	x		
Structures	x		
Lot	x		

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

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

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

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

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

   Exhibit E describes the common elements.

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

   [ ] There are no limited common elements in this project.

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

   [ ] described in Exhibit _____

   [x] as follows:

Certain parts of the common elements, herein called and designated limited common elements, are hereby set aside and reserved for the exclusive use of certain apartments and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(1) Any entrance, exit, gateway, entry, patio, yard, driveway or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

(2) Each of the one hundred fifty-two (152) regular-size uncovered parking stalls designated on the Condominium Map by the same numbers as those of each apartment shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment having the same number.

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

   [x] Exhibit F describes the common interests for each apartment.

   [ ] as follows:

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

Exhibit G describes the encumbrances against the title contained in the title report dated July 12, 1989.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest If Developer Defaults
Mortgage dated July 14, 1988, filed as Document No. 1564563	If the Developer defaults after the apartment is conveyed to Buyer, the Buyer's interest will not be affected. If the Developer defaults before the apartment is conveyed to Buyer, the Mortgagee may or may not decide to sell the apartment to buyer pursuant to the Sales Contract.

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: Hawaiiana Resorts, Inc.

[ ] not affiliated with the Developer.

[x] the Developer or the Developer's affiliate.

[ ] other _____

G. Estimate of Initial Maintenance Fees:

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

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

Exhibit _____ contains a schedule of maintenance fees and maintenance fee disbursements.
See attached Disclosure Abstract (Exhibit "L")

H. Utility Charges for Apartments:

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

[ ] Electricity [ ] Television Cable

[ ] Gas [ ] Water & Sewer

[x] Other electricity for the common areas, refuse collection

I. Construction Warranties:

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

1. Building and Other Improvements:

See Exhibit "H"

2. Appliances:

A description of warranties on the appliances to be installed in each apartment is presently unavailable inasmuch as the purchase contracts therefor have not been executed by the Developer. The Developer will attempt to assign to buyers the unexpired term, of any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the apartment. By such assignment, the Developer will be merely passing through to buyers any such manufacturer's or dealer's warranties, and the developer will not be adopting any such warranties or acting as co-warrantor. Purchaser acknowledges and agrees that THE DEVELOPER IS NOT ADOPTING ANY SUCH CONTRACTOR'S, MANUFACTURER'S OR DEALER'S WARRANTIES, OR ACTING AS CO-WARRANTOR, BUT IS MERELY ATTEMPTING TO PASS THROUGH TO PURCHASER THE BENEFIT OF ANY SUCH WARRANTIES.

J. Status of Construction and Estimated Completion Date:

Construction of the Project commenced in June, 1989. It is estimated that the Project would be completed in June, 1991.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

See Exhibit "I" attached

L. Sales Documents Filed with the Real Estate Commission:

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

[ ] Notice to Owner Occupants

[x] Specimen Sales Contract

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

[x] Escrow Agreement dated October 21, 1988, and amended on March 9, 1989 and ~~amended on May 31,~~ 1989

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

[x] Other Exhibit L - Wailea Restriction Covenant

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Twenty-three (23) separate building permits for the Project were issued in late May, 1989. A single building permit was issued for each residential building and for the Recreation Facility and for the Maintenance Building. It is likely that as portions of the Project are completed that a Certificate of Occupancy for the portion so completed would be issued. This means, among other things, that closings on Apartments could be staggered depending upon the issuance of the certificate of occupancy for the building in which the Apartment is located.

In connection with the issuance of the Building Permits, the County imposed two conditions. The first condition was that the Developer enter into an agreement to participate financially in the cost of upgrading the existing over-utilized sewer treatment facility located in Kihei, Maui (the "Existing Sewer System"). It is expected that allocation of the costs of such upgrading will be shared on a pro rata basis by all of the developers in the Kihei-Wailea-Makena area. The agreement to share in the costs has not yet been entered into. In connection with the first condition, the Developer has acknowledged that it is presently prohibited from connecting the Project to the Existing Sewer Facility. The County has agreed, however, that it would be acceptable that the Developer install a private waste water treatment system, approved by the State of Hawaii Department of Health. This County's prohibition would only be imposed if the Existing Sewer Facility had not been upgraded by the time the Project was completed. If the Project were not permitted to tie into the Existing Sewer Facility, then the Developer will install at the Project a private waste water treatment system, which would become a common facility, and the operating costs of which would be a common expense. If and when the Project were permitted to tie into the Kihei waste water collection system, the Developer would pay for the cost associated with such tie-in and will remove from the Project the private waste water treatment system.

The second condition imposed on the Developer by the County of Maui is that the upgrading of the existing sewer pump stations utilized by the Project must have been completed before the certificates of occupancy are issued. As the work will be done by the County, the timing of such work will be beyond Developer's control.

The Developer will use its best efforts to enter into the Agreement with the County of Maui for the sharing of expenses to upgrade the Existing Sewer System and to cause the work on the upgraded stations to be completed in a timely manner. If delays are encountered, issuance of certificates of occupancy for the Project or portions thereof may be delayed. If that is the case, then the Developer will have the right to extend the closing date until the certificates of occupancy are issued.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

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

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

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

This Public Report is a part of Registration No. 1991 filed with the Real Estate Commission on October 26, 1988.

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

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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.

Michele Y. Matsuo

(for) PETER YANAGAWA, 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

O/R: 1337H/9/13/89

Condominium Public Report on
The Palms at Wailea

EXHIBIT "A"

DESCRIPTION OF APARTMENTS

Apt. Type	Quantity	BR/Bath	Net Living Area (exclusive of lanai)	Lanai/Patio
A-1	20	1/2	1022 sq.ft.	473 sq.ft.
A-2	20	1/2	1022 sq.ft.	289 sq.ft.
A-1a	5	1/2	1022 sq.ft.	480 sq.ft.
A-2a	5	1/2	1022 sq.ft.	339 sq.ft.
B-1	30	2/2	1194 sq.ft.	473 sq.ft.
B-2	33	2/2	1194 sq.ft.	289 sq.ft.
C-1	16	2/2	1242 sq.ft.	352 sq.ft.
C-2	16	2/2	1299 sq.ft.	219 sq.ft.
D	1	2/2-1/2	1515 sq.ft.	593 sq.ft.
E	1	3/3	1794 sq.ft.	642 sq.ft.
H-1	3	2/2	1194 sq.ft.	473 sq.ft.
NR-1	1	1/-	523 sq.ft.	-0- sq.ft.
NR-2	1	1/-	87 sq.ft.	-0- sq.ft.

NOTE: Square footages may vary slightly for A, B and C type floor plans to accommodate the various building type configurations on the site.
Square footages may vary in actual construction plans.

There are thirteen (13) different types of floor plans for the apartments in the Project, designated as Plans A-1, A-1a, A-2, A-2a, B-1, B-2, C-1, C-2, D, E, H-1, NR-1 and NR-2. Each apartment in the Project has the following type of floor plan.

Unit No.	Plan
201, 401, 801, 1209, 1905, 207, 405, 901, 1701, 2101, 301, 609, 1005, 1401, 1707, 2107, 307, 701, 1501, 2305	A-1
1103, 1303, 1603, 1803, 2203	A-1a

Unit No.	Plan
202, 406, 1006, 1502, 1906, 208, 610, 2102, 302, 702, 1210, 1702, 2108, 308, 802, 1708, 402, 902, 1402, 2306	A-2
1104, 1304, 1604, 1804, 2204	A-2a
101, 705, 1003, 1305, 1903, 103, 603, 1101, 1405, 1601, 2105, 203, 605, 805, 1203, 1503, 1705, 2205, 303, 607, 903, 1205, 1505, 1801, 2301 703, 905, 1207, 1507, 1901	B-1
102, 504, 706, 1004, 1306, 1602, 2106, 104, 604, 804, 1102, 1406, 1706, 2206, 204, 606, 806, 1204, 1504, 1802, 2302, 304, 608, 904, 1206, 1506, 1902, 502, 704, 906, 1208, 1508, 1904	B-2
205, 1105, 1703, 1509, 305, 1201, 1805, 403, 1301, 2103, 601, 1403, 2201, 1001, 1605, 2303	C-1
206, 1106, 1606, 306, 1202, 1704, 404, 1302, 1806, 602, 1404, 2104, 1002, 1510, 2202, 2304	C-2
2001	D
2002	E
501, 503, 803	H-1
1	NR-1
2	NR-2

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EXHIBIT "B"

DESCRIPTION OF BUILDINGS

Residential Buildings:

The residential buildings in the Project are designated herein and on the Condominium Map as Buildings 1 through 23, inclusive. Buildings 1 and 5 each contain a total of four (4) apartments; Buildings 2, 3, 17, and 21 each contain a total of eight (8) apartments; Buildings 4, 7, 8, 9, 10, 11, 13, 14, 16, 18, 19, 22 and 23 each contain a total of six (6) apartments, Buildings 6, 12, and 15 each contain a total of ten (10) apartments; and Building 20 contains two (2) apartments.

Buildings 1 and 5 each has two (2) apartments on the first floor and two (2) apartments on the second floor. Buildings 2, 3, 17 and 21 each has four (4) apartments on the first floor and four (4) apartments on the second floor. Buildings 4, 7, 8, 9, 10, 11, 13, 14, 16, 18, 19, 22 and 23 each has three (3) apartments on the first floor and three (3) apartments on the second floor. Buildings 6, 12 and 15 each has five (5) apartments on the first floor and five (5) apartments on the second floor. Building 20 has two (2) apartments, each of which is located on two floors and each has an interior staircase. The entrance to each apartment is located on the first story of Building 20.

Several of the Buildings are connected to one another by non-structural components. The Buildings which are so connected are as follows: Buildings 5, 19 and 18; Buildings 15, 16 and 17; Buildings 7 and 8; and Buildings 9, 10 and 11.

Non-Residential Buildings:

The non-residential buildings are designated herein and on the Condominium Map as the Recreation Facility and the Maintenance Building. Apartment No. NR-1 and Apartment No. NR-2 are located in the Recreation Facility.

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EXHIBIT "C"

BOUNDARIES OF EACH APARTMENT

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, skylights and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise located within such apartment which are utilized for or serve more than one apartment and any mechanical, electrical and air conditioning equipment originally installed and located within such apartment utilized for or serving more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roofs and ceilings (other than skylights); all glass windows (other than skylights), window frames (other than skylight frames), louvres, shutters (if any), panels, doors and door frames along its perimeter; any mechanical, electrical and air conditioning equipment originally installed and located within such apartment utilized for or serving only such apartment; the lanai shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such lanai and to the exterior edge of the exterior railings of such lanai; and all of the fixtures and appliances originally installed therein, including the carpets, refrigerator, dishwasher, range, oven, microwave oven, garbage disposal, washer, dryer, ceiling fan, sinks and bathroom fixtures originally installed therein.

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The Palms at Wailea

EXHIBIT "D"

PERMITTED ALTERATIONS TO APARTMENTS

Paragraph 19 of the Declaration states:

(a) Except as otherwise provided in the Declaration, repair, replacement or restoration of the Project or of any building, swimming pool, spa, Recreation Facility Building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and consented to in writing by the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board of Directors of the Association and the Architectural Committee of the Wailea Community Association established pursuant to the Declaration of Covenants and Restrictions described in Section 20 of the Declaration, and promptly upon completion of such replacement, restoration or construction, the Association shall record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of any apartment may make any alterations or additions within any apartment and the owner of any two or more apartments separated by a common element which is a wall may alter or remove all or portions of the intervening wall, if the structural integrity of the building is not thereby affected and if the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations. Such alterations or additions within any apartment or apartments shall require only the written approval thereof, including the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all

other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions and any entry to hallways sealed, the owner of such apartments shall be obligated to restore such intervening wall and hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.

(b) Notwithstanding any other provision in the Declaration or the By-Laws to the contrary, prior to (1) the time that all apartments in the Project have been sold and recorded, and (2) the filing by the Developer of the as-built verified statement (with plans, if applicable) required by Section 514A-12 of the Condominium Property Act (but in no event later than January 1, 2001), the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which alterations (A) change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and any limited common elements appurtenant thereto) in the Project which is not sold and recorded; or (B) make minor changes in any apartment in the Project or in the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in paragraph (c) of Section 21 of the Declaration. As used herein, the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, of apartment deeds or other conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

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EXHIBIT "E"

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

(1) The Land in fee simple;

(2) The foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, exterior skylights, stairways, elevators, walkways, corridors, ramps, fences (if any), trellises store rooms (which are not within or exclusively appurtenant to any apartment) and mail boxes (which are not within any apartment), mechanical rooms, entrances, entry ways and exits of all buildings of the Project;

(3) All yards, grounds, planting areas, planters, walkways, walkway railings, landscaping, pond areas, refuse facilities, gardens, the swimming pool, the jacuzzi spa, the Recreation Building (other than the Non-Residential Apartment located therein), the Maintenance Building and all other recreational facilities and appurtenances;

(4) All roads, driveways, driveway ramps and parking areas;

(5) All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas (if any), cablevision (if any), air conditioning, sewer, refuse, telephone, and radio and television signal distribution;

(6) Any and all apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors and, in general, all other installations and apparatus existing for common use;

(7) All mechanical, electrical and air conditioning equipment originally installed and located within any apartment or located elsewhere in the Project utilized for or serving more than one apartment;

(8) The one hundred fifty-two (152) regular-size uncovered parking stalls, all as shown on the Condominium Map, which are hereinafter designated as limited common elements;

(9) The one hundred fifty (150) regular-size uncovered parking stalls, designated as unassigned parking, all as shown on the Condominium Map, for use of apartment owners, tenants and guests, the resident manager, Managing Agent and other employees of the Association;

(10) Any and all other apparatus and installation of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

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EXHIBIT "F"

PERCENTAGE COMMON INTEREST APPURTENANT
TO APARTMENTS IN PROJECT

Floor Plan Type	Common Interest Per Unit (%)	Total No.	Common Interest (Category) (%)
A-1	0.651896	20	13.037923
A-2	0.571663	20	11.433256
A-1a	0.654949	5	3.274743
A-2a	0.593465	5	2.967327
B-1	0.726897	30	21.806908
B-2	0.646664	33	21.339897
C-1	0.695065	16	11.121043
C-2	0.661925	16	10.590805
D	0.919196	1	0.919196
E	1.062220	1	1.062220
H-1	0.726897	3	2.180691
NR-1	0.228055	1	0.228055
NR-2	0.037936	1	0.037936

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EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

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

2. Grant of Easement in favor of the County of Maui for drainage purposes over, under and across Lot 98 adjoining Lot 5; "Said easements to be determined and designated after construction of the improvements in Lot 5 has been completed by the Grantors, and the Grantors agree to promptly file a petition to designate such easements and to execute grant of easement documents in favor of the Grantee in such form as shall be mutually agreed upon; Provided that Grantee shall execute a document cancelling this grant concurrently with the execution of grant of easement documents from the Grantors to Grantee"; as set forth in Deed dated April 18, 1973, filed as Land Court Document No. 626880.

"Reserving further unto the Grantors the right to designate utility and access easements in, over, under and through said lots as shall be first approved by the Director of Planning of the County of Maui; provided that the Grantee shall promptly execute grant of easement documents in favor of the Grantors in such form as shall be mutually agreed upon. Grantors agree to execute a document cancelling this reservation concurrently with the execution of the grant of easement documents from the Grantee to the Grantors"; as set forth in said Deed dated April 18, 1973, filed as Document No. 626880.

3. (A) EASEMENT "145"

SHOWN: On Map 26, as set forth by Land Court Order No. 54945, filed November 8, 1979

(B) Grant of Easements (in favor of Wailea Alanui Village - Lot 98, Map 26 - over Wailea Kai Homesites) in favor of Wailea Land Corporation, a Hawaii corporation, and the Northwestern Mutual Life Insurance Company, a Wisconsin corporation, doing business as Wailea Development Company, a joint venture registered to do business in the State of Hawaii, dated ---- (acknowledged March 18, 1981), filed as Document No. 1059806.

4. Easements "93", "94", "95" and "97" situate on Lot 98, as shown on Maps 21 and 26, as set forth by Land Court Order No. 50723, filed July 25, 1978.

5. (A) Covenants, conditions and restrictions set forth in Declaration dated December 19, 1986, filed as Document No. 1427923.

(B) "ADDITIONAL DECLARATION OF COVENANTS AND RESTRICTIONS" dated as of July 14, 1988, filed as Document No. 1564560.

6. Mortgage, Security Agreement and Financing Statement dated July 14, 1988, filed as Land Court Document No. 1564563, made by THE PALMS AT WAILEA VENTURE, a Hawaii limited partnership, to (a) THE MITSUI TRUST & BANKING COMPANY, a Japan corporation, (B) SANSHIN (U.S.A.) INC., a Delaware corporation, and (c) MITSUI LEASING (U.S.A.) INC., a Delaware corporation.

Consent to Mortgage dated of July 14, 1988, filed as Document No. 1564564, by Wailea Development Company, Inc., a Hawaii corporation.

7. Assignment of Landlord's interest dated July 14, 1988, recorded in Liber 22138 at Page 367, made by The Palms at Wailea Venture, a Hawaii limited partnership, assigning to The Mitsui Trust & Banking Company, Limited, Sanshin (U.S.A.) Inc., a Mitsui Leasing (U.S.A.) Inc., all of the right, title and interest under any and all tenant leases now or hereafter made covering all or any part of the property described herein, etc., as security for the payment of that certain Promissory Note of even date herewith to (a) The Mitsui Trust & Banking Company, Limited, Los Angeles Agency, (b) Sanshin (U.S.A.) Inc., and (c) Mitsui Leasing (U.S.A.).

8. Consent to Transfer Agreement dated as of July 14, 1988, filed as Document No. 1564565, by and among McCormack Properties, Ltd., a Hawaii corporation, Bradley Holdings, Ltd., a Delaware corporation, The Beam Venture, a Hawaii general partnership, The Palms at Wailea Venture, a Hawaii limited partnership, and Wailea Development Company, Inc., a Hawaii corporation.

9. Declaration submitting Project to the Condominium Property Regime dated June 29, 1989, filed as Document No. 1649066. Condominium Map No. 725.

10. By-Laws of the Association of Apartment Owners dated June 29, 1989, filed as Document No. 1649067.

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EXHIBIT "H"

CONSTRUCTION WARRANTIES

THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION OF THE FACE OF THE SALES AGREEMENT. DEVELOPER MAKES NO WARRANTIES OR PROMISES OF "MERCHANTABILITY", "HABITABILITY", "WORKMANLIKE CONSTRUCTION" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE" OR ANY OTHER WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE APARTMENT, THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS THEREOF).

The Developer anticipates but does not warrant that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

> If within one year after the date of substantial completion of the work, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the developer to do so unless the developer has previously given the contractor a written acceptance of such condition.

The Developer makes no warranties itself, but, if buyer shall give the Developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of the contractor's warranty, the Developer will forward such notice together with the written notice to the contractor to correct such condition.

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EXHIBIT "I"

SUMMARY OF DEVELOPER'S PLANS FOR FUTURE DEVELOPMENT

The rights of Developer are set forth in Section 22 of the Declaration and are generally as follows:

Merger of Project with Other Phases.

(a) The Developer (or its successor(s) and its assign(s)) shall have the right, in its sole and absolute discretion, to cause and effect a merger or mergers of the Project with one or more condominium projects located or to be located on land (or a portion or portions thereof) adjacent to the land of the Project, which adjacent land is described hereinbelow, consisting of up to a total of approximately two hundred forty (240) additional apartments and common elements appurtenant thereto, as part of the same incremental plan of development of the Project. The Project described herein is "Phase I" of a proposed three (3) phase project, as described in Section 22 of the Declaration, which may be developed in one or more phases, by the Developer or by its successor(s) or assign(s), all at the option of the Developer (or its successor(s) or assign(s)). The purpose of the merger provisions of Section 22 is to provide for a merger of any or all of the phases just as if the phases involved had been developed by the Developer (and possibly, by any successor(s) or assign(s)) as a single project. A merger may occur with respect to the Project with any one or more of the other phases, at the same or at different times, and merger with respect to any one or more of said phases shall not affect the right of the Developer (or its successor(s) or assigns(s)) to merge another phase or phases at a later date or dates, subject to all of the provisions of this Declaration. The two additional phases or increments which may be added are as follows:

(i) "Phase II", consisting of up to approximately one hundred forty (140) apartments (and common elements appurtenant thereto) and located or to be located on Lot 99 as shown on Map 26 of Land Court Application No. 1804;

(ii) "Phase III", consisting of up to approximately one hundred (100) apartments (and common elements appurtenant thereto) and located or to be located on Lot 100 as shown on Map 26 of Land Court Application No. 1804;

(b) Requirements of Merger. Merger shall take effect with respect to a particular additional phase upon the happening of all of the following conditions with respect thereto:

(i) Developer (or its successor(s) or assign(s)) shall have filed in the Office of the Assistant Registrar of the Land Court of Hawaii a declaration of condominium property regime and by-laws covering the additional phase in form substantially similar to this Declaration and the By-Laws (except, for example, for (i) the description of the land, (ii) the easements affecting the land, (iii) the number and description of the apartments, (iv) the description of the common elements and limited common elements, (v) the description of the buildings and other improvements, and (vi) the percentage of common interest appurtenant to each apartment) and a condominium map of said additional phase complying with the requirements of the Condominium Property Act;

(ii) The apartments and common elements described in the declaration of condominium property regime of the additional phase shall have been substantially constructed; and

(iii) Developer (or its successor(s) or assigns(s) as to the Project) and the Developer or its successor(s) or assign(s) (as to the additional phase) shall have filed in the Office of the Assistant Registrar of the Land Court of Hawaii a "Certificate of Merger" (it is understood that the Developer or its successors(s) or assign(s) may develop an additional phase). The Certificate of Mergers shall contain:

(aa) A certification that the foregoing conditions in subparagraphs (i) and (ii) above have been fulfilled;

(bb) A verified statement of a Hawaii registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments of the additional phase as built;

(cc) A statement that merger with respect to the phases being merged is, by the filing thereof, being consummated;

(dd) A statement setting forth the common interest appurtenant to each apartment in the phases being merged, as completed and merged (the "Merged Project"); and

(ee) A statement that the Merged Project shall be known as "The Palms at Wailea".

(c) Limitation on Time for Merger. If the foregoing conditions have not been fulfilled by December 31, 2005, the right of Developer to effect any additional merger shall terminate automatically.

(d) The Consequences of Merger or consolidation are set forth in Section 22 of the Declaration.

(e) No Obligations Regarding Other Phases. Nothing in Section 22 of the Declaration as to merger shall be construed as a representation or warranty by Developer that any of the other phases will be developed or merged with the Project, or to require Developer (or any successor or assign) to develop any of the other phases or to merge any of the other phases into the Project, or to prohibit Developer (or any successor or assign) from dealing freely with the property described as aforesaid, including, without limitation, developing the whole or any part of such property for a purpose inconsistent with the merger of such property into the Project.

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EXHIBIT "J"

SUMMARY OF SALES CONDOMINIUM RESERVATION AGREEMENT
DEPOSIT RECEIPT AND CONTRACT

A Specimen Condominium Reservation, Deposit Receipt and Contract (the "Sales Agreement") has been submitted to the Real Estate Commission and is also available in the Sales Office of the Developer. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE RESERVATION AND SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. The Property to be conveyed to the Buyer includes the Apartment described in the Sales Agreement, together with an undivided interest (common interest) in the Project, which will be conveyed to the Buyer on the Closing Date by an Apartment Deed. (See subparagraph E.7(d).)

2. The Seller has the right to add Phase II and/or III to the Project, which would consist of up to an additional 140 units (Phase II) and 100 units (Phase III) and appurtenant common elements. Upon the addition of any new phase to the Project, the common interest appurtenant to each apartment in the Project would be altered as more specifically provided in the Declaration. (See paragraph E.14.)

3. The Buyer agrees that all of the rights of Buyer under the Sales Agreement are subject and subordinate to the lien of any mortgages securing loans made to finance the cost of construction and other costs of the Project, until the final closing and delivery of an Apartment Deed to the Buyer. THE PURCHASER INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OF ANY INTEREST ARISING OUT OF THE SALES AGREEMENT TO THE LIENS AND SECURITY INTERESTS OF THE LOANS MADE TO FINANCE THE COST OF CONSTRUCTION AND OTHER COSTS OF THE PROJECT. (See subparagraph E.2(g)).

4. The Buyer represents that he is financially capable of making the payments required by the Sales Agreement. Seller may (but does not have to) cancel the Sales Agreement if any material negative change occurs in the Buyer's financial condition or any material negative discrepancy is discovered between the financial information furnished by the Buyer and the Buyer's actual financial condition. The Sales Agreement shall be cancelled (a) if the Buyer has not obtained and

delivered to Seller an executed copy of a mortgage loan commitment acceptable to Seller (in Seller's sole discretion) within forty-five (45) days after the effective date of the Sales Agreement, or such longer period of time permitted by the Seller, or (b) if the Buyer plans to pay the purchase price in cash and if Seller is not satisfied for any reason with the Buyer's ability to make the cash payments. Seller may also cancel (but does not have to) the Sales Agreement if the Buyer should die. (See subparagraph E.3(a) and paragraph E.13).

5. If the development and construction of the Project is at any time delayed due to any governmental restrictions or regulations enacted after the date of acceptance of the Sales Agreement by the Seller, or by the occurrence of any contingency, the non-occurrence of which was a basic assumption on which the Sales Agreement was made, and if Seller determines that increases in the development and construction costs because of such delay require increases in the sales prices of apartments to maintain financial feasibility of the Project, then and in any such event Seller may increase the Total Purchase Price of the Property only to the extent necessitated by said increases in development and construction costs and Seller shall notify Buyer in writing of any such increases in the Total Purchase Price. If the Buyer, within fifteen (15) days after receiving such written notice from Seller, agrees in writing to pay the increased purchase price which Seller decides is enough to make the Project economically feasible, or within such fifteen (15) days buyer does not notify Seller in writing that Buyer elects to cancel the Sales Agreement, then the Sales Agreement will be deemed to be affirmed at the increased Total Purchase Price. (See paragraph E.2(o)).

6. The Buyer acknowledges having had full opportunity to read and review, and approves all documents, plans and specifications relating to the Project. The Seller has the right to change such documents in certain respects, as more fully provided in paragraph E.2(h) of the Sales Agreement and the Declaration:

> Seller reserves the right to modify the Declaration, By-Laws, the Condominium Map, the form of Apartment Deed and other documents as may be required by law, any title insurance company, any institutional mortgagee or governmental agency or as otherwise may be deemed necessary by Seller, in its sole discretion, at any time prior to the

conveyance of first apartment therein to any person other than the Seller to make and specifically approves all changes to said documents and the Project, provided that no such modification shall:

(i) Increase Buyer's share of common expenses without his consent; or

(ii) Reduce the obligations of Seller for common expenses on unsold apartments; or

(iii) Require a substantial physical change of the Apartment or of the building in which the Apartment is located.

7. The Seller MAKES NO WARRANTIES OF ANY KIND with respect to any aspect of the Project, but agrees only to attempt to pass on to the Buyer the benefit of any applicable contractor's warranty or manufacturer's or dealer's warranties. (See subparagraph E.6 and page 16 of the Preliminary Public Report).

8. The rental or other disposition of the Apartment is the sole responsibility of the Buyer. The Buyer acknowledges that Seller is not offering directly or indirectly a rental pool within the Project in which there is a "pooling" or sharing of expenses or income among apartment owners in the Project; that Seller has not made any representations as to the feasibility of renting the apartment or otherwise deriving any economic benefit therefrom; and that the Seller has not made any representations regarding tax benefits to be derived from apartment rental or tax treatment of any apartment purchaser. (See subparagraph E.2(n) and subparagraph E.6(a)).

9. Seller agrees to complete construction of the Apartment, the Building in which the Apartment is located, and certain amenities of the Project so as to permit usual occupancy within two (2) years after the date the Sales Agreement is executed by the Buyer, subject to certain limited exceptions. (See subparagraph E.2(h)).

10. If the Sales Agreement is accepted by the Seller more than seventy-five (75) days prior to the estimated Occupancy (which shall be the date when the Maui Building Department or an inspecting architect or engineer for the Project certifies that the Apartment is ready for occupancy), the Date of Closing shall be one day after such date of Occupancy; otherwise the

Date of Closing shall be seventy-five (75) days after Seller's acceptance of the Sales Contract. Seller may postpone the scheduled closing date for up to ninety (90) additional days. In order to avoid any delays in closing, if the Seller accepts the Sales Agreement more than one hundred twenty (120) days before the Estimated Date of Occupancy, then the Buyer agrees to have all documents required for closing to be deposited with escrow prior to the Closing Date, and to have all funds due at or within forty-five (45) days prior to closing paid in cash or by certified check drawn on a financial institution having its principal office in Honolulu, Hawaii. A late charge of one percent (1%) per month is payable on all sums not paid by Buyer when due. The Buyer must pay all of the escrow fees, its own notary fees, any appraisal fees, credit report, mortgage costs and closing fees, title insurance costs, and all document drafting costs, including the Apartment Deed, and all mail and other delivery charges. (See subparagraphs E.7 (a), (b) and (c)).

11. In the event of default by the Buyer under the Sales Agreement, the Seller may cancel the Sales Agreement and retain all amounts theretofore paid by Buyer as LIQUIDATED DAMAGES. Seller may also sue for damages, specific performance, and may pursue any other remedy permitted. If the Seller defaults, the Buyer is entitled to specific performance of the Agreement, or may cancel and terminate the Agreement. The sole and exclusive remedy of the Buyer is against the Seller and its assets, and not against any of the constituent partners of the Seller. (See paragraph E.11).

12. Buyer further acknowledges that construction activity within the Project may continue after Buyer occupies the Apartment, and that the Project is located within a resort area in which there may be continuing and ongoing development, all of which may result in noise, dust and other annoyances. Buyer agrees to suffer and permit all such activities. (See subparagraph E.2(f)).

13. Seller intends to offer apartments in the Project principally within the State of Hawaii and in Japan. The Sales Agreements offered in Japan ("Japan Contract") will vary slightly from those Sales Agreements offered within the State of Hawaii ("Hawaii Contract"). The only material changes are as follows:

(a) The Japan Contract calls for three (3) installment payments, rather than four (4). Payment B under the Hawaii

Contract, which is to be made thirty (30) days after Payment A, is omitted from the Japan contract;

(b) Under the Japan Contract, all accrued interest belongs to Seller; under the Hawaii Contract, there is no interest on Payment A and the interest accruing on Payment B will be for the benefit of the Buyer until the Final Public Report is issued and thereafter, will belong to the Seller;

(c) In the event of rescission of the Sales Agreement prior to issuance of the Final Public Report, the Hawaii Contract provides for refund of any deposits plus any interest thereon reduced by costs of cancellation; the Japan Contract also provides for refund of any deposits, but excludes any interest;

(d) Under the Japan Contract, a pre-closing can occur forty-four (44) days prior to Estimated Closing Date; under the Hawaii Contract, a pre-closing can occur forty-five (45) days prior to Estimated Date of Closing;

(e) Under the Japan Contract, the Closing Date will occur four (4) days after the Date of Occupancy; under the Hawaii Contract, the Closing Date will occur one (1) day after the Date of Occupancy.

Condominium Public Report on
The Palms at Wailea

EXHIBIT "K"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services, Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

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

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

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

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

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than $25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised

Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract;

(d) purchaser's Conveyance Document has been recorded or filed for record; and

(e) Escrow has received evidence (such as title insurance) satisfactory to Escrow that forty-six (46) days have elapsed since the filing of the affidavit of publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed.

4. Purchaser's Default. Seller must notify Escrow in writing if Buyer defaults, and must certify that Seller has cancelled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

Condominium Public Report on
The Palms at Wailea

EXHIBIT "L"

Wailea Restriction Covenants

Title to the Apartment will be transferred to Buyer subject to that certain Wailea Community Association Declaration of Covenants and Restrictions dated December 19, 1986, filed as Land Court Document No. 1427923, as amended and supplemented (the "Wailea Declaration") and that certain "Additional Declaration of Covenants and Restrictions" ("Additional Declarations") dated as of July 14, 1988, and filed as aforesaid as Document No. 1564560. The Wailea Declaration provides, among other things, that the Buyer automatically and without further action on its part, becomes a member of the Wailea Community Association, a Hawaii non-profit corporation, upon issuance of the Apartment Deed to Buyer, and that the Buyer shall pay assessments to the Wailea Community Association for the operating costs, expenses and obligations of the Association, including without limitation, the costs of management, operation, control and maintenance of all "Common Property" described in the Wailea Declaration. Apartment owners in the Project shall also be entitled to votes in the Wailea Community Association, the number of votes being based on the number of bedrooms in an Apartment in the Project owned by them. The Additional Declaration provides, among other things, for use and development restrictions for the Project and reserves the right to Wailea Development Company, Inc. to grant certain easements without the consent of apartment owners in the Project.

Condominium Public Report on
The Palms at Wailea

EXHIBIT "M"

DISCLOSURE ABSTRACT

1. (a) PROJECT: The Palms at Wailea
Wailea Alanui Drive
Wailea, Maui, State of Hawaii

(b) DEVELOPER: The Palms at Wailea Venture
1580 Makaloa Street, Suite 500
Honolulu, Hawaii
Telephone: (808) 524-2600

(d) MANAGING AGENT: Hawaiiana Resorts, Inc.

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS: There are no warranties which extend beyond the description on the face of the Sales Agreement. Developer makes no warranties or promises of "merchantability", "habitability", "workmanlike construction", or "fitness for a particular use or purpose" or any other warranties or promises of any kind, express or implied, about the apartment, the property or the Project (including the common elements and limited common elements of the Project), or about any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the apartment, the property or the Project (including the common elements and limited common elements thereof).

The construction contract with the general contractor for the Project does contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If within one year after the date of substantial completion of the work, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from the developer to do so unless the developer has previously given the contractor a written acceptance of such condition.

The Developer makes no warranties itself, but if buyer shall give the Developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of the contractor's warranty, the Developer will forward such notice together with the written notice to the contractor to correct such condition.

4. USE OF UNITS. The Palms at Wailea Condominium Project will consist of 152 units, of which 150 will be used for residential purposes, and two (2) will be used for commercial purposes. The apartments used for residential purposes shall be occupied and used only for permanent or temporary residential purposes and for transient vacation rental purposes. The residential apartments shall not be used as time share units as defined in Chapter 514E, Hawaii Revised Statutes, as amended. The commercial units shall be used for office, reception, storage and other ancillary uses in connection with the management and operation of the Project.

5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by N. Norman Lacayo, Registered Professional Architect, the Developer states relating to Units D and E (Apartments 2001 and 2002):

   a. The present condition of all structural components and mechanical and electrical installation material to the use and enjoyment of the two condominium apartments appear to be good.

   b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

   c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

ESTIMATED OPERATING EXPENSES

For Period June 1, 1991 to May 31, 1992
As Prepared by Developer

Estimated Annual Expenses

SEE ATTACHED EXHIBIT "1"

Note: The Developer has reserved the right to merge this Project with one or more condominium projects located or to be located on land (or a portion or portions thereof) adjacent to the land of the Project.

The Developer certifies that the maintenance fees and costs as estimated by the Developer are based on generally accepted accounting principles.

THE PALMS AT WAILEA VENTURE, a
Hawaii Limited Partnership

By Its General Partner

THE BEAM VENTURE, a Hawaii
general partnership

By Its General Partner

McCORMACK PROPERTIES, LTD., a
Hawaii corporation

By _____
Its

"Developer"

EXHIBIT "1"

PALMS AT WAILEA

Estimated Monthly Common Expenses

RECEIPTS	
Maintenance Fees	$ 46,014
Interest From Investments	100
Telephone Income	1,800
Other Taxable Receipts	100
TOTAL RECEIPTS	$ 48,014
DISBURSEMENTS	
Utilities	
Electricity - Common	2,800
Gas	300
Water	2,500
Sewer*	1,600
Telephone	500
	$ 7,700
Building Maintenance	
Building	900
Equipment	150
Grounds	5,500
Lighting	100
Pool/Rec Deck	400
Pest Control	225
Pump and Ventilation	830
Refuse	500
	$ 8,605
Administration	
Management Services	3,000
Vehicle Expense	50
Wailea Community Dues	1,851
Supplies & Services	400
Legal and Audit	150
	$ 5,451
Payroll and Benefits	
Payroll-Manager	1,700
Payroll-Office	5,500
Payroll-Maintenance	1,350
Payroll-Janitor/Cleaning	1,800
Payroll-Security	2,300
Workers Comp	886
TDI	59
Health Care	900
Payroll-Taxes	1,303
Rent - Apartment	2,000
	$ 17,798

PALMS AT WAILEA
Estimated Monthly Common Expenses
Page Two

Other	
Insurance	$ 3,500
Switchboard Rent	2,200
Miscellaneous	150
Office Supplies	100
Taxes: Gross Income	10
	$ 5,960
TOTAL DISBURSEMENTS	$ 45,514
RESERVE TRANSFERS	
Replacement Reserves	$ 2,500
TOTAL DISBURSEMENTS & RESERVES	$ 48,014
NET SURPLUS	-0-

* Sewer expenses assume the Project will be serviced by existing public sewerage treatment facility in Kihei, Maui. If the Project is not permitted to hook up to such facility, the Project will be serviced by its own private sewerage treatment plant, the operating costs of which will be common expense.

Monthly maintenance costs for a temporary sewage treatment plant:

Certified Operator Services	$ 800
Electricity	300
Miscellaneous	400
Total Monthly Cost for the Project	$ 1,500

** The temporary sewage treatment plant fee is in addition to the sewer fee (utilities)

It is hereby certified that the foregoing estimate of the Monthly Common Expenses and the Estimate of Initial Maintenance fees set forth in Exhibit "1" to this Final Public Report of the project have been based on generally accepted accounting principles.

HAWAIIANA MANAGEMENT COMPANY, LTD.

William L. Burke
Treasurer

Dated: November 13, 1989

PALMS AT WAILEA - MAINTENANCE FEE SCHEDULE

UNIT TYPE	INDIVIDUAL UNIT PCI	BD/BATH	NUMBER OF UNITS	LIVING AREA	LANAI AREA	TOTAL AREA	FA CALC	CATEGORY PCI	MAINT FEE	M/F PER UNIT	** Temporary Sewage Treatment Plant (Per Unit)
A-1	0.651896%	ONE/TWO	20	1,022	473	1,495	29,900	13.037923%	5,999.27	299.96	9.78
A-2	0.571663%	ONE/TWO	20	1,022	289	1,311	26,220	11.433256%	5,260.90	263.04	8.57
A-1a	0.654949%		5	1,022	480	1,502	7,510	3.274743%	1,506.84	301.37	9.82
A-2a	0.593465%		5	1,022	339	1,361	6,805	2.967327%	1,365.39	273.08	8.90
B-1	0.726897%	TWO/TWO	30	1,194	473	1,667	50,010	21.806908%	10,034.23	334.47	10.90
B-2	0.646664%	TWO/TWO	33	1,194	289	1,483	48,939	21.339897%	9,819.34	297.56	9.70
C-1	0.695065%	TWO/TWO	16	1,242	352	1,594	25,504	11.121043%	5,117.24	319.83	10.43
C-2	0.661925%	TWO/TWO	16	1,299	219	1,518	24,288	10.590805%	4,873.25	304.58	9.93
D	0.919196%	TWO/TWO	1	1,515	593	2,108	2,108	0.919196%	422.96	422.96	13.79
E	1.062220%	TWO/TWO	1	1,794	642	2,436	2,436	1.062220%	488.77	488.77	15.93
H-1	0.726897%	HANDICAP	3	1,194	473	1,667	5,001	2.180691%	1,003.42	334.47	10.90
NR-1	0.228055%	RECEPTION	1	523	0	523	523	0.228055%	104.94	104.94	3.42
NR-2	0.037936%	LOGO SHOP	1	87	0	87	87	0.037936%	17.46	17.46	0.57
TOTAL			152				229,331	100.000000%	46,014.00		

PREPARED BY: HAWAIIANA MANAGEMENT COMPANY
REVISED: JUNE 21, 1989