



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 P. O. Box 3489
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

KAHANA FALLS
 4260 Lower Honoapiilani Road
 Kahana, Maui, Hawaii

Registration No. 2458

Issued: September 20, 1991
 Expires: October 20, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 5, 1991, 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.

- No prior reports have been issued
- Supersedes all prior public reports
- Must be read together with _____

 SUPPLEMENTARY:
(pink)

Updates information contained in the

- Prelim. Public Report dated _____
- Final Public Report dated _____
- Supp. Public Report dated _____

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

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required
- Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the 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.

Changes made are as follows:

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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 "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment 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.

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.

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

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

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

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

Total Apartments: 74

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	14
Guest Stalls	86
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: <u>Loading/Handicap</u>	5
Total Parking Stalls	105

7. Recreational amenities:

Swimming pool, exercise room and lobby.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: S.C.I Enterprises, Inc.
Name
P.O. Box 93118-1
Business Address
Las Vegas, Nevada 89193-3118

Phone: 667-6128 (Maui)
(Business)

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

Mark H. Ives, President
Devi L. Ives, Vice President
Robert Walker, Secretary/Treasurer

Real Estate Broker: Pahio Resorts, Inc.
Name
P.O. Box 3099
Business Address
Princeville, Kauai, Hawaii 96722

Phone: 826-6549
(Business)

Escrow: Hawaii Escrow & Title, Inc.
Name
850 Richards Street, Suite 400
Business Address
Honolulu, Hawaii 96813

Phone: 521-2977
(Business)

General Contractor: Albert C. Kobayashi, Inc.
Name
94-535 Ukee Street
Business Address
Waipahu, Hawaii 96797

Phone: 671-6460
(Business)

Condominium Managing Agent: Owner's Management Corporation
Name
P.O. Box 3099
Business Address
Princeville, Kauai, Hawaii 96722

Phone: 826-6549
(Business)

Attorney for Developer: Michael H. Sakai
Name
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813

Phone: 531-4171
(Business)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 91-61027
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1494
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 91-61028
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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.

- 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 common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75 %</u>
Bylaws	65%	<u>65 %</u>
House Rules	---	<u>Majority vote of Board of Directors</u>

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

2. **Developer:**

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules

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: 4260 Lower Honoapiilani Road Tax Map Key: 4-3-10:32 (Second
(TMK) Division)
Kahana, Maui, Hawaii

Address TMK is expected to change because _____

Land Area: 2.626 square feet acre(s) Zoning: H-M

Fee Owner: S.C.I. Enterprises, Inc.
Name

P.O. Box 93118-1
Address

Las Vegas, Nevada 89193-3118

Sublessor: N/A
Name

Address

C Buildings and Other Improvements:

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

2. Buildings: 4 Floors Per Building _____

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Allied Building Materials

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
[X] Commercial	<u>4</u>	<u>Yes</u>	[] Industrial	_____	_____
[X] Residential	<u>10</u>	<u>Yes</u>	[] Agricultural	_____	_____
[X] Timeshare/Hotel	<u>60</u>	<u>Yes</u>	[] Recreational	_____	_____
[] Other:	_____			_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

[X] Yes [] No

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: None allowed

[X] Number of Occupants: Maximum six (6) per two bedroom apartment, four (4) per one-bedroom apartment.

[x] Other: Use of lanais

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 3 Stairways 8 Trash Chutes 2

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>See Exhibit "A"</u>	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 74

**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.

Boundaries of Each Apartment:

The boundary lines of each apartment are the exterior unfinished surfaces of doors, windows, and glass walls and/or windows and the frames thereof and the interior of the handrail of the lanai.

Permitted Alterations to Apartments:

The owners of apartments in Building A, B and D may if permitted by the applicable building codes and/or zoning ordinances alter the interior of an apartment provided that such alteration is solely within the interior of an apartment; does not affect or change any load bearing walls; affect or diminish the structural integrity of the building or apartment; does not change the number of rooms within the apartment; does not affect any common element; and does not affect or alter any lanai of any apartment. The owners of apartments in Building C may if permitted by the applicable building codes and/or zoning ordinances, alter, renovate or reconfigure the interior of any such apartment provided such alteration does not affect or diminish the structural integrity of the building or apartment and does not affect any common element. Prior to commencing any permitted alterations, the owner shall obtain all necessary permits to undertake and accomplish such construction.

7. Parking Stalls:

Total Parking Stalls: 105

	<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)		14					14
Guest Unassigned Extra Available for Purchase		30				56	86
Other:		1				4	5
Total Covered & Open		45				60	

Each apartment will have the exclusive use of at least _____ 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.

Swimming pool Storage Area

Recreation Area Laundry Area

Tennis Court Trash Chute

Other: Exercise room, lobby, manager's office, and
maintenance room.

9. Present Condition of Improvements Not Applicable
 (For conversions of residential apartments in existence for at least five years):

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

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

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:

Special Management Area Permit 89/Sml-031)
 Special Accessory Use Permit (89/ACC-3)

The foregoing permits, as amended allows for the construction of the 60 short term use apartments, 10 employee housing units, and the accessory building (Building C).

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

Exhibit B describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit C

as follows:

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

Exhibit D 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 E describes the encumbrances against the title contained in the title report dated May 14, 1991 and issued by Hawaii Escrow & Title, Inc.

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [X] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage Lien	In the event the Developer defaults under any mortgage lien, the property may be foreclosed upon and a purchaser's contract to purchase could be terminated by the lender.

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.
- [] self-managed by the Association of Apartment Owners.
- [] 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 F contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

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

Not applicable

Electricity*

Television Cable

Gas

Water & Sewer

Other Telephone (manager's office only)

*Employee housing units are separately metered. Each of buildings A, B, and C have one meter per building.

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:

2. Appliances:

J. Status of Construction and Estimated Completion Date:

Construction has commenced and is estimated to be completed by
December 1991.

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:

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 Not Applicable

Specimen Sales Contract

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

Escrow Agreement dated April 16, 1991

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

RESORT APARTMENTS. All of the apartments in Building A and B are restricted to short term use of two weeks or less. In other words, a purchaser of an interest in an apartment in Buildings A or B would have to limit his or her occupancy of the apartment to 14 or less consecutive days. There are a total of 60 apartments designated as Resort Apartments.

RESIDENTIAL APARTMENTS. The apartments in Building D are restricted to residential uses. The Planning Department, County of Maui, has provided that there would be 10 employee housing apartments in this Project. At the present time, the Developer intends to rent the apartments in Building D to employees or families of employees that work within the Project in accordance with the restrictions established by the County of Maui.

COMMERCIAL APARTMENTS. The apartments in Building C are restricted to commercial uses. The Planning Department, County of Maui, may impose other restrictions on the use of the apartments in Building C, therefore, a purchaser is advised to consult with the Planning Department to determine what uses are permitted.

PARKING. There are a total of 105 parking stalls in this Project. Only the apartments in Buildings C and D will be assigned parking stalls. This means there will be 91 unassigned parking stalls of which 1 is a handicap stall and 4 are for the loading zone.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

Final Report, 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 Condominium 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, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2458 filed with the Real Estate Commission on June 3, 1991.

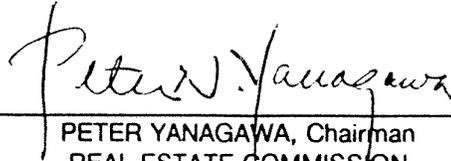
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



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

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The buildings are constructed principally of wood, concrete and other allied building materials, with a concrete slab foundation and concrete tile roofing. Building A is six floors in height and contains 2 two bedroom apartments and 4 one bedroom apartments per floor. Building B is six floors in height and contains 4 two bedroom apartments per floor. Building C is two floors in height with a basement and it contains the lobby and 4 commercial apartments. Building D is two floors in height and contains 5 one bedroom apartments per floor. The apartments in Buildings A and B have access to the ground level through elevators and Building C has an elevator which services the basement through the second floor. The apartments in Building D have access to the ground level through two stairwells.

DESCRIPTION OF APARTMENTS

The apartments in the Project consist of the following types:

A. Two-bedroom Type 2 Apartments. There are 36 separately designated and described freehold estates. Each of the Type 2 two-bedroom apartments consist of 2 bedrooms, 2 bathrooms, a kitchen, living room, dining area, and a lanai. The bedroom which is has a separate entrance also has a wet bar. The net living area of the two bedroom type apartment is 957 square feet; and the lanai is 109 square feet.

B. One-bedroom Type 1 Apartment. There are 24 separately designated and described freehold estates. Each of the one-bedroom Type 1 apartments consist of 1 bedroom, 1 and 1/2 bathroom, a kitchen, living room, dining area, and a lanai. The net living area of a one-bedroom Type 1 apartment is 761 square feet; and the lanai is 56 square feet.

C. One-bedroom Type 1 Apartment (Building D). There are 8 separately designated and described freehold estates. Each of the one-bedroom Type 1 in Building D apartments consist of 1 bedroom, 1 bathroom, a kitchen, and a living/dining room. The net living area of a one-bedroom Type 1 apartment in Building D is 417 square feet.

D. One-bedroom Type 2 Apartment (Building D). There are 2 separately designated and described freehold estates. Each of

the one-bedroom Type 2 apartments in Building D consist of 1 bedroom with a walk-in closet, 1 bathroom, a kitchen, and a living/dining room. The net living area of a one-bedroom Type 2 apartment in Building D is 473 square feet.

E. Apartment C-3. This is a separately designated and described freehold estate. Apartment C-3 consist of one office type room located on the first floor of Building C. The net area of this apartment is 90 square feet.

F. Apartment C-4. This is a separately designated and described freehold estate. Apartment C-3 consist of one office type room located on the first floor of Building C. The net area of this apartment is 90 square feet.

G. Apartment C-5. This is a separately designated and described freehold estate. Apartment C-5 consist of one retail or sales office type room, excluding the staircase located on the first floor of Building C. The net area of this apartment is 845 square feet.

H. Apartment C-6. This is a separately designated and described freehold estate. Apartment C-6 consist of the entire second floor of Building C excluding the elevator, elevator shaft, and two stairwells. This unit includes the kitchen area, dining area, restrooms, and lobby area located on the second level of Building C. The net area of this apartment is 3335 square feet.

I. The floor area of an apartment is the net living area (or net area) and is measured from the interior surface of the apartment's perimeter walls excluding in the case of the apartments in Building C, any portions of the Building that are common elements.

EXHIBIT "B"

COMMON ELEMENTS

The common elements include:

- a. The land in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs, entry landings, elevators, storage rooms, utility rooms, and stairways in the buildings not within any of the apartments.
- c. The yards, landscaping, trash area, including the open parking stalls which are not appurtenant or assigned to an apartment, and all of the landscaped yards and lawns.
- d. The central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project.
- e. All licenses, leases, or contractual arrangements that the Association enters into for the purpose of providing parking, recreational amenities, including but not limited to swimming pool and other facilities for the use or benefit of the apartment owners, their invitees, tenants and/or guest.
- f. Those portions of Building C not designated as an apartment unit which includes the stairwells, elevator, elevator shaft, the area designated as C-2 on the condominium map which includes the lobby area, activities desk, manager office, reception area, located on the first level and the area designated as C-2 which includes the machine room, exercise room, maintenance rooms, and restrooms in the basement of Building C.

EXHIBIT "C"

LIMITED COMMON ELEMENTS

Parking. Only the apartments in Buildings C and D in the Project shall have appurtenant thereto the use of at least 1 parking stall each and such parking stall shall be deemed a limited common element of said apartment. The location of the parking stalls are set forth in the Condominium Map. The parking stall assigned to each apartment in Buildings C and D are as follows:

<u>UNIT</u>	<u>STALL NO.</u>
1	20
2	22
3	24
4	26
5	28
6	21
7	23
8	25
9	27
10	29
C-3	5
C-4	6
C-5	4
C-6	7

Apartment C-4. There is an easement in favor of Apartment C-4 within the electrical/telephone room of Building C for the purposes of installing, maintaining and operating a telephone system for the Project which easement is a limited common element of Apartment C-4. The owner of this apartment has the right within ten years after recordation of the Declaration to abandon this easement in favor of the Association.

EXHIBIT "D"

COMMON INTEREST

Each apartment shall have appurtenant thereto the following undivided interest in all the common elements of the Project for determination of the common profits, expenses, voting and for all other purposes:

<u>Apartment Type</u>	<u>No.</u>	<u>Per Unit %</u>	<u>Total</u>
2 Bedroom, Type 2	36	1.5597%	56.1492%
1 Bedroom, Type 1	24	1.2403%	29.7672%
1 Bedroom, Type 1 (Building D)	8	0.6796%	5.4368%
1 Bedroom, Type 2 (Building D)	2	0.7709%	1.5418%
Apartment C-3	1	0.1467%	0.1467%
Apartment C-4	1	0.1467%	0.1467%
Apartment C-5	1	1.3772%	1.3772%
Apartment C-6	1	5.4344%	5.4344%
			100.00%

The percentage undivided interest is calculated by dividing an apartment's net living area (excluding the lanai) by the sum of all the net living areas of all the apartments with minor adjustments to bring the total percentage to 100%.

EXHIBIT "E"

Encumbrances

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Right-of-Way reserved by H. A. Baldwin, W. D. Baldwin, F. F. Baldwin, J. P. Cooke and S. A. Baldwin, as Trustees under the Will and of H. P. Baldwin, Deceased, as contained in that certain Deed dated December 31, 1914, recorded in the Bureau of Conveyances, State of Hawaii, in Book 410, Pages 177 and 179, containing a total area of 2 acres, more or less.
3. Grant in favor of Meyer M. Ueoka, husband of Yukie H. Ueoka, dated May 25, 1978, recorded in said Bureau, in Book 12945, Page 23, for the purpose of an easement for utility purposes over, under, across and through a portion of the land herein described.
4. Unrecorded Right-of-Entry Agreement as contained in that certain Deed dated January 20, 1978, recorded in said Bureau, in Book 13023, Page 325, in favor of the State of Hawaii.
5. Agreement of Indemnity dated September 5, 1979, recorded in said Bureau, in Book 14037, Page 307, made by and between Realty Concepts, Inc., and Harvard Developments, Ltd., as "Indemnitor", and The County of Maui, through its Department of Water Supply, a political subdivision of the State of Hawaii, as "Indemnitee".
6. Subdivision Agreement (Three Lots or Less) dated September 19, 1979, recorded in said Bureau, in Book 14037, Page 464, made by and between Myron A. Resnick, single, Insurance Concepts, Inc., a Hawaii corporation, and Glenn Orr Hay, Jr., husband of Carol Ann Hay, "Owner", and The County of Maui, a body politic and corporate and a political subdivision of the State of Hawaii.
7. Subdivision Agreement (Large Lots) dated May 4, 1979, recorded in said Bureau, in Book 14037, Page 470, made by and between Myron A. Resnick, single, Insurance Concepts, Inc., a Hawaii corporation, and Glenn Orr Hay, Jr., husband of Carol Ann Hay, "Owner", and County of Maui, a body politic and corporate and a political subdivision of the State of Hawaii.
8. Grant in favor of Maui Electric Company, Limited, and Hawaiian Telephone Company, dated December 3, 1980, recorded in said Bureau, in Book 15357, Page 166, for a perpetual non-exclusive right and easement to build, construct, etc., underground power

lines, etc., over, across, through and under portions of the land described herein. Said easement designated as Easement "A-1" (15 feet wide) for utility purposes, containing an area of 3,073 square feet, more or less.

9. Grant in favor of Maui Electric Company, Limited, and Hawaiian Telephone Company, dated March 26, 1981, recorded in said Bureau, in Book 15477, Page 756, for a perpetual non-exclusive right and easement to build, construct, etc., underground power lines, etc., over, across, through and under portions of the land described herein. Said easement designated as Easement "A-1" (15 feet wide) for utility purposes, containing an area of 3,073 square feet, more or less.

10. Grant in favor of Maui Electric Company, Limited dated May 1, 1981, recorded in said Bureau, in Book 15571, Page 632, for the purpose of a perpetual non-exclusive right and easement to build, construct, etc. pole and wire lines and underground power lines, etc., over, across, through and under the land described herein.

11. Grant in favor of County of Maui, a political subdivision of the State of Hawaii, dated December 22, 1981, recorded in said Bureau, in Book 17227, Page 543, for the purpose of a non-exclusive easement to construct, reconstruct, etc., a water pipeline or pipelines, etc. over, across, through and under Easement "A-1", area 3,073 square feet (15 feet wide) for utility purposes.

12. Subdivision Agreement (Large Lots) dated March 9, 1984, recorded in said Bureau, in Book 17740, Page 344, by and between Harvard Properties, Inc., a Delaware corporation, ("Owner"), and the County of Maui.

13. Subdivision Agreement (Three Lots or Less) dated March 9, 1984, recorded in said Bureau, in Book 17740, Page 353, by and between Harvard Properties, Inc., a Delaware corporation, ("Owner"), and the County of Maui.

14. The following easements as shown on survey map dated May 3, 1984, revised May 5, 1986 and prepared by Warren S. Unemori:

<u>Easement</u>	<u>Purposes</u>	<u>In Favor of</u>
2	Drainage	Lot "A"
3	Sewerline	Lot "A"
4	Sewerline & Sewer Treatment Plant	Lot "A"
5	Sewer Treatment Plant	Lot "A"

15. Section VII(c) Agreement for West Maui Areas dated July 21, 1990, by and between S.C.I. Enterprises, Inc., a Nevada corporation and the Department of Water Supply of the County of Maui, recorded in said Bureau, as Document No. 90-136509.

16. Mortgage dated January 4, 1991, in favor of Dierdre Wesley Ives, unmarried, recorded in said Bureau, as Document No. 91-027420.

17. Matters as shown on Condominium File No. 1494, filed in the Bureau of Conveyances, State of Hawaii.

18. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration of Condominium Property Regime, dated May 2, 1991, recorded in said Bureau, as Document No. 91-61027.

19. By-Laws of the Association of Apartment Owners of Kahana Falls, dated May 2, 1991, filed in said Office, as Document No. 91-61028.

20. For real property taxes due and owing, your attention is directed to the Director of Finance, County of Maui.

KF\ENCUMB

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee x 12 months = Yearly Total</u>
2 Bedroom, Type 2	\$ 749.35 ea	\$ 8,992.29
1 Bedroom, Type 1	595.90	7,150.83
1 Bedroom, Type 1 (Bldg C)	326.51	3,918.17
1 Bedroom, Type 2 (Bldg C)	370.38	4,444.55
Apartment C-3	70.48	845.78
Apartment C-4	70.48	845.78
Apartment C-5	661.68	7,940.11
Apartment C-6	2610.96	31,331.49

(x) Prepared on May 31, 1991

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

S.C.I. Enterprises, Inc. for Kahana Falls
 Kahana, Maui
 Estimate of Maintenance Fee Disbursements

	Monthly	Annual
<u>FIXED COSTS:</u>		
Property Taxes	\$ 10,992.00	\$131,900.00
Insurance	1,666.00	20,000.00
Local Licenses & Fees	<u>25.00</u>	<u>300.00</u>
	12,683.00	152,200.00
<u>OPERATING COSTS:</u>		
Utilities	2,613.00	31,360.00
Salaries & Benefits	5,408.00	64,896.00
Landscaping	3,500.00	42,000.00
Refuse Disposal	718.00	8,616.00
Elevator Maintenance	677.00	8,125.00
Air Conditioning	3,300.00	39,600.00
Pool Supplies	1,200.00	14,400.00
Minor Repairs & Supplies	1,917.00	23,000.00
Pest Control	340.00	4,084.00
Window Washing	304.00	3,646.00
Shop Rent	<u>500.00</u>	<u>6,000.00</u>
	20,477.00	245,727.00
<u>RESERVES:</u>		
Architecture	6,420.00	77,035.00
Electrical & Mechanical	1,248.00	14,976.00
Grounds & Pool	<u>2,050.00</u>	<u>24,600.00</u>
	9,718.00	116,611.00
<u>ADMINISTRATION:</u>		
Management	3,333.00	40,000.00
Legal	25.00	300.00
Accounting	400.00	4,800.00
Miscellaneous	<u>75.00</u>	<u>900.00</u>
	3,833.00	46,000.00
<u>CONTINGENCY:</u>		
	<u>1,334.00</u>	<u>16,000.00</u>
	48,045.00	576,538.00
	=====	=====

I, we, Owner's Management Corporation, as managing agents for the condominium project, hereby certify that the estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principals.

By: P. McCray
Date: April 24, 1992

EXHIBIT "G"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) A buyer must obtain his own financing. Buyer acknowledges that this Sales Contract is contingent on any financing after the issuance of the final public report.

(b) That a purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That interest on deposits shall belong to the buyer so long as said funds are held in escrow.

(d) That the unit will be subject to various other legal documents which the buyer certifies that he has examined.

(e) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "H"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.