

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer NAPILI GARDENS, INC., a Hawaii corporation
Address 210 Kawehi Place, Kula, Maui, Hawaii 96790

Project Name(*): NAPILI GARDENS
Address: 5432 Lower Honoapiilani Road, Lahaina, Maui, Hawaii 96761

Registration No. 2499

Effective date: June 29, 1994

Expiration date: July 29, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

 PRELIMINARY: 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 by the developer when complete information is filed.
(yellow)

 X FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[] No prior reports have been issued.
[X] This report supersedes all prior public reports.
[] This report must be read together with _____

 SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] Preliminary Public Report dated: _____
[] Final Public Report dated: _____
[] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports
[] Must be read together with _____
[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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 developer.

Changes made are as follows:

I. CHANGES TO DECLARATION OF CONDOMINIUM PROPERTY REGIME

- A. Under Section A of the Declaration, the terms "Hazardous Discharge", "Hazardous Material", "Hazardous Materials Claim", and "Hazardous Materials Law" are defined at new paragraphs 10, 11, 12 and 13 of Section A. In addition, the term "Project Rules" is defined at new paragraph 17 of Section A.
- B. Section G.7 has been expanded to describe in greater detail under what circumstances the Association Board of Directors may change the use of the common elements, lease portions of the common elements, or enact, amend and repeal rules and regulations regarding the common elements.
- C. A new Section K entitled "ALTERATION OF THE PROJECT" has been added which deals with repairs, reconstruction, restoration, replacement, alterations and additions to the project.
- D. Previously designated Section K, COMPLIANCE WITH PROJECT DOCUMENTS, has been redesignated as Section L.
- E. A new Section M entitled "USE OF HAZARDOUS MATERIAL" has been added which describes the restriction on use; notice to the Board of Directors by owners with regard to hazardous materials; owners' indemnity of the Association and the Association Board of Directors with regard to hazardous materials; and clean up of hazardous materials by owners or the Association.
- F. Previously designated Section L, AMENDMENT OF THE DECLARATION, has been redesignated as Section N.

II. CHANGES TO ASSOCIATION BYLAWS

- A. A new Section 3.13 entitled "Fiduciary Duty" has been added describing each Association Board member's fiduciary duty to the Association.
- B. Subparagraph (v) of Article 5, Section 5.1 has been amended to add additional conditions upon which the Association may lease portions of the common elements.
- C. A new subparagraph (w) of Article 5, Section 5.1 has been added which describes further circumstances upon which the Association may lease portions of the common elements.
- D. Former subparagraphs (w) through subsection (cc) of Article 5, Section 5.1 have been redesignated respectively as subsections (x) through (dd) of Article 5, Section 5.1.
- E. Subparagraph (c) entitled "Audit" of Article 5, Section 5.5 has been amended to describe the different circumstances under which the Association must conduct an annual audit and make available to each owner a copy of the annual audit.
- F. Article 5, Section 5.7, Minutes of Meetings, has been changed to describe the circumstances under which minutes of the meetings of the Board of Directors and Association must be maintained, approved and distributed to the owners.
- G. Subparagraph (b), Disposition of Excess Funds, and subparagraph (c), Operating Reserve, of Section 6.1 of Article 6 have been amended in their entirety and replaced with a new subparagraph (b) entitled Budget for Common Expenses and a new subparagraph (c) entitled Supplemental Budget.
- H. New Sections 6.9 entitled Disputed Assessments; Notices; Dispute Resolution; 6.10 Liability for Unpaid Assessments Upon Sale; and 6.11 Late Fees have been added to Article 6. These sections deal with the circumstances and manner in which an owner may dispute the imposition of assessments by the Association and the conditions under which the Association may impose late fees on owners.
- I. A new Section 8.5 entitled "Pets" has been added to Article 8 to describe the circumstances under which pets are allowed to be kept at the project.

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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 the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expense. 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 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 project's 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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: NAPILI GARDENS, INC.,
a Hawaii corporation Phone: (808)878-6374
Name (Business)
210 Kawehi Place
Business Address
Kula, Maui, Hawaii 96790

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

Douglas D. Anderson, President/Treasurer
Elizabeth S. Anderson, Vice President/Secretary

Real Estate
Broker: KENNETH M. ROTHMAN
dba KEN ROTHMAN REALTY Phone: (808)669-2340
Name (License No. RB-14371) (Business)
10 Hoohei Road, Suite 310
Business Address
Kahana, Hawaii 96761

Escrow: STANDARD TITLE AND ESCROW Phone: (808)871-7124
Name (Business)
33 Lono Avenue, Suite 240
Business Address
Kahului, Maui, Hawaii 96732

General
Contractor: PACIFIC COAST CONSTRUCTION, INC. Phone: (808)874-4000
Name (Business)
P. O. Box 330095
Business Address
Kahului, Maui, Hawaii 96732

Condominium
Managing
Agent: Not applicable. The project Phone: _____
Name will be self-managed. (Business)
Business Address

Attorney for
Developer: Robert E. Rowland
Case & Lynch Phone: (808)871-8351
Name (Business)
Suite 470, 33 Lono Avenue
Business Address
Kahului, Maui, Hawaii 96732

**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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

- 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. 94-039969
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date 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 Conveyances Condo Map No. 2002
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date 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 manner in which meetings will be conducted, whether pets are prohibited or allowed 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. 94-039970
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date 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 limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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>See Section 12.1, Bylaws</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

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:

During the sales period, the Developer has reserved the right to make any changes to the project documents and the project as may be required by law, any title insurance company, any institutional lender, or any governmental agency; and, prior to the conveyance or transfer of the first apartment, for any reason and in any manner as the Developer deems necessary, provided that no such change shall substantially impair the prospective use and enjoyment of the Apartment, substantially alter or reduce the usable space within the Apartment, render unenforceable the Buyer's mortgage loan commitment, increase the Buyer's share of common expenses, or reduce the obligations of the Developer for common expenses on unsold apartments.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/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 regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled 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 canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 5432 Lower Honoapiilani Road Tax Map Key: 4-3-02:68 (2)
Lahaina, Maui, Hawaii 96761 (TMK)

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

Land Area: 0.967 [] square feet [x] acre(s) Zoning: Napili Bay Civic Improvement District

Lessor NAPILI GARDENS, INC.,
(Fee Owner): a Hawaii corporation
Name
210 Kawehi Place
Address
Kula, Maui, Hawaii 96790

Sublessor:
Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 3 Floors Per Building 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass, plaster, vinyl/wood siding and related materials.

4. Permitted Uses by Zoning:

	<u>No. of</u>	<u>Use Permitted</u>		<u>No. of</u>	<u>Use Determined</u>
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>16</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: <u> </u>	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. **Special Use Restrictions:**

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

- Pets:** No dogs are allowed, but one cat, or one other household pet is allowed per apartment. All pets must be registered with the Board.
- Number of Occupants:** Limit of six persons per apartment. Absolutely no use of garage area as or for living quarters. No apartment
- Other:** may be rented for a period of less than six months without prior written approval of the Board.
- There are no special use restrictions.**

6. **Interior (fill in appropriate numbers):** Bldg. A: 4
 Bldg. B: 6
 Elevators: 0 Stairways: Bldg. C: 6 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
ALL	16	3/2-1/2	1758	N/A
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 16

*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: Each apartment includes, but is not limited to, all walls, columns, and partitions which are not load-bearing within the apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors, and ceilings, doors, including garage doors, and door frames, including garage door frames, windows and window frames along the perimeters, the air space within the perimeters, and all fixtures originally installed in the apartment. The apartments shall not include the undecorated or unfinished surfaces of the perimeter party or nonparty walls, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each apartment or any pipes, shafts, wires, conduits, or other utility or service lines running through an apartment which are utilized for or serve more than one apartment.

Permitted Alterations to Apartments: Alterations or additions within an apartment, or to the exterior of an apartment (including painting, awnings, жалousies and screens), shall require the written consent of the owner's plans by the Board of Directors of the Association of Apartment Owners and the apartment owners directly affected by such alterations or additions, as determined by the Board. Any alteration or addition that is different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment of the Declaration. Any necessary amendment of the Declaration may be made by such owners and the Board and recorded with plans certified as built by a registered architect or professional engineer.

7. Parking Stalls:

Total Parking Stalls: 48

	<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 each unit)	<u>32</u>	<u> </u>	<u> </u>	<u>16</u>	<u> </u>	<u> </u>	<u>48</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Covered & Open 32 16 As a part of each apartment is an enclosed garage with sufficient space for the parking of 2 cars, plus the exclusive use of one compact parking stall. ~~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 B 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: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit C .

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 use them, as described in the Declaration, are:

described in Exhibit D.

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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit E.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated February 24, 1994 and issued by First Hawaii Title Corporation.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
1. Construction Loan \$3,600,000	Buyer's interest may be terminated and Buyer will receive a refund of all deposits.
2. Mortgage, Security Agreement and Financing Statement \$650,000	This mortgage will be paid in full by proceeds from Construction Loan.

F. Construction Warranties:

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

1. **Building and Other Improvements:**

The Developer shall require from the general contractor for the project a written warranty with respect to any defects in each apartment and the common elements due to faulty materials and/or workmanship which are discovered and reported within one (1) year from the "Date of Substantial Completion" as defined in the construction contract. The Developer makes no warranties itself; however, the Developer will assign to each apartment owner any and all warranties given the Developer by the general contractor for the project and by any subcontractors or materialmen, and the Developer will cooperate with each apartment owner during the effective period of any such warranties in asserting any claims on such warranties.

2. **Appliances:**

Each apartment owner shall have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in his or her apartment. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer does not adopt the manufacturer's or dealer's warranties, if any, but will assign and pass on to each apartment owner the benefit of such warranties.

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

Construction commenced in September 1992.

The estimated completion date is March 1995.

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners other _____

B. **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.

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **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:

- None Electricity Gas Water
(common area only)
 Sewer Television Cable Other refuse collection

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit H contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 15, 1991
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Apartment Deed
-

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2499 filed with the Real Estate Commission on August 2, 1991

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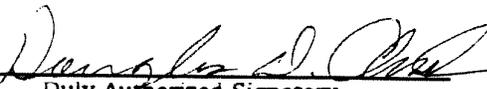
C. **Additional Information Not Covered Above**

None.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

NAPILI GARDENS, INC.

Name of Developer

By:  March 2, 1994
Duly Authorized Signatory Date

Douglas D. Anderson, President

print name & title of person signing above

Distribution:

Department of Finance, County of Maui
Planning Department, County of Maui
Federal Housing Administration

2664R

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The Project shall contain three (3) two story buildings, with Building A containing four (4) residential apartments, Building B containing six (6) residential apartments, and Building C containing six (6) residential apartments, for a total of sixteen (16) residential apartments. The buildings will be constructed principally of concrete, masonry, plaster, wood, glass, and related materials.

EXHIBIT "B"

PARKING STALLS

Each apartment contains an enclosed parking garage with sufficient space for the parking of two automobiles. In addition, each apartment will have the exclusive right to use one uncovered compact parking stall located immediately adjacent to the entry to each apartment's garage. The Developer hereby reserves the right for itself, its successors and assigns, by way of an amendment to the Declaration of Condominium Property Regime, to convey or otherwise designate any parking stall not specifically designated herein to be appurtenant to and for the exclusive use of any other apartment in the project.

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" attached to the Declaration of Condominium Property Regime.

2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, perimeter walls, load-bearing walls, floors, ceilings (except the inner or decorated surfaces of the perimeter walls, load-bearing walls, floors and ceilings), roofs, stairs and entry areas to the buildings.

3. All yards, grounds, gardens, planters, plants, landscaping, refuse facilities, roads, driveways, walkways, and parking areas.

4. All ducts, electrical equipment, wiring, pipes 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, sewer, telephone and radio and television signal distribution, if any.

5. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain apartments shall have appurtenant thereto easements for the use of certain limited common elements as follows:

- (a) Exterior staircases, landings and entrance ways shall be limited common elements for the exclusive use of the apartments they serve.
- (b) Each fenced privacy area accessed from and adjacent to an apartment shall be a limited common element for the exclusive use of that apartment.
- (c) Mailboxes for all apartments will be located in the vicinity of the front gate to the project, and each mailbox shall be a limited common element for the exclusive use of the apartment having the same number as such mailbox.
- (d) One uncovered, paved, compact parking stall located immediately adjacent to the entry to each apartment's garage.

EXHIBIT "E"

COMMON INTERESTS

<u>Apartment Type</u>	<u>Apartment No.</u>	<u>Undivided Common Interest of Each Apartment</u>
ALL	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16	.0625

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes, if any, as shown on Preliminary Title Report.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Section VII(c) Agreement for West Maui Areas by and between Napili Gardens, Inc., a Hawaii corporation, and the Department of Water Supply of the County of Maui, dated November 4, 1991 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-160942.
4. Subdivision Agreement (Three Lots or Less) by and between Napili Gardens, Inc., a Hawaii corporation, and the County of Maui, a body politic and corporate and a political subdivision of the State of Hawaii, dated January 14, 1992 and recorded in said Bureau of Conveyances as Document No. 92-045719.
5. Subdivision Agreement (Three Lots or Less) by and between Napili Gardens, Inc., a Hawaii corporation, and the County of Maui, a body politic and corporate and a political subdivision of the State of Hawaii, dated January 14, 1992 and recorded in said Bureau of Conveyances as Document No. 92-099574.
6. Subdivision Agreement (Large Lots) by and between Napili Gardens, Inc., a Hawaii corporation, and the County of Maui, a body politic and corporate and a political subdivision of the State of Hawaii, dated February 12, 1992 and recorded in said Bureau of Conveyances as Document No. 92-145804.
7. That certain Mortgage, Security Agreement and Financing Statement between Napili Gardens, Inc., a Hawaii corporation, as mortgagor, and GECC Financial Corporation, a Hawaii corporation, as mortgagee, dated December 15, 1992 and recorded in said Bureau of Conveyances as Document No. 92-207178.

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEE
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate Of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u>	<u>X 12 months=Yearly Total</u>
TOWNHOUSE 1	\$205.81	\$2,469.72
TOWNHOUSE 2	\$205.81	\$2,469.72
TOWNHOUSE 3	\$205.81	\$2,469.72
TOWNHOUSE 4	\$205.81	\$2,469.72
TOWNHOUSE 5	\$205.81	\$2,469.72
TOWNHOUSE 6	\$205.81	\$2,469.72
TOWNHOUSE 7	\$205.81	\$2,469.72
TOWNHOUSE 8	\$205.81	\$2,469.72
TOWNHOUSE 9	\$205.81	\$2,469.72
TOWNHOUSE 10	\$205.81	\$2,469.72
TOWNHOUSE 11	\$205.81	\$2,469.72
TOWNHOUSE 12	\$205.81	\$2,469.72
TOWNHOUSE 13	\$205.81	\$2,469.72
TOWNHOUSE 14	\$205.81	\$2,469.72
TOWNHOUSE 15	\$205.81	\$2,469.72
TOWNHOUSE 16	\$205.81	\$2,469.72

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning	0	0
Electricity		
<input checked="" type="checkbox"/> common elements only	\$70	\$840
<input type="checkbox"/> common elements and apartments		
Elevator	0	0
Gas	0	0
Refuse Collection	\$250	\$3,000
Telephone	0	0
Water and Sewer	\$500	\$6,000

Maintenance, Repairs and Supplies

Building	\$225	\$2,700
Grounds	\$1,400	\$16,800

Management

Management Fee	\$330	\$3,960
Payroll and Payroll Taxes	0	0
Office Expenses	0	0

Insurance	\$303	\$3,631
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Reserves(*)	0	0
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Taxes and Government Assessments	0	0
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Audit Fees	\$214.96	\$2,579.52
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Other	0	0
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TOTAL	\$3,292.96	\$39,515.52
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I, Kenneth M. Rothman, as agent and employed by Napili Gardens, Inc, the condominium managing agent or the developer, for the condominium project Napili Gardens, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



(*) Mandatory reserves in effect January 1, 1993

Date: March 7, 1994

EXHIBIT "H"

SUMMARY OF RESERVATION, DEPOSIT RECEIPT AND SALES CONTRACT

The Reservation, Deposit Receipt and 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 Reservation, Deposit Receipt and Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Reservation, Deposit Receipt and Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

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

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

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

The Reservation, Deposit Receipt and Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Reservation, Deposit Receipt and Sales Contract on file with the Real Estate Commission.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to 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 the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.