

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer WCL KIHEI PALMS, INC.
Address 2542 DATE STREET, SUITE 301, HONOLULU, HAWAII 96826

Project Name(*): KIHEI PALMS
Address: KAPU PLACE, KIHEI, MAUI

Registration No. 2738

Effective date: February 17, 1993

Expiration date: March 17, 1994

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)

— FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[] No prior reports have been issued.
[] 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:

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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: WCL Kihei Palms, Inc. Phone: (808) 942-7106
Name (Business)
2542 Date Street, Suite 701
Business Address
Honolulu, Hawaii 96826

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

President: Brent Westly
Vice President: Daniel Livingston

Real Estate
Broker: Coldwell Banker McCormack Real Estate Phone: (808) 879-5233
Name (Business)
2463 South Kihei Road
Business Address
Kihei, Maui, Hawaii, 96753

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General
Contractor: Eastwood Construction Inc. Phone: (808) 961-9616
Name (Business)
504 KALANIKO STREET, SUITE 3
Business Address
Hilo, Hawaii 96720

Condominium
Managing
Agent: Bello Realty Inc. Phone: (808) 879-3328
Name (Business)
1993 South Kihei Road
Business Address
Kihei, Hawaii 96753

Attorney for
Developer: Everett Walton Phone: (808) 661-5444
Name (Business)
975 Limahana Place, Suite 202
Business Address
Lahaina, Maui, Hawaii 96761

**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. _____
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. _____
 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. _____
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>Not Applicable</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: SEE EXHIBIT "A"

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: Kapu Place and Hao Street Tax Map Key: (2) 3-9-09:16
Kihei, Maui (TMK)

Address TMK is expected to change because Project has not been
assigned a street address.

Land Area: 15,725 square feet acre(s) Zoning: A-1

Lessor
 (Fee Owner): Kihei Palms Partners
Name
2542 Date Street, Suite 301
Address
Honolulu, Hawaii 96826

Sublessor: Not Applicable
Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: One (1) Floors Per Building Two (2)

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

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>8</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<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: Not permitted without written prior consent of the Board of Directors.
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	F(Front) R(Rear) Lanai/Patio (sf)
I	2	3/2	942	250
II	1	3/2	955	242
III	1	3/2	942	250
IV	2	3/2	890	F 52/R 119.32
V	1	3/2	902	F 54/R 121.32
VI	1	3/2	890	F 52/R 119.32
Total Apartments:		<u>8</u>		

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

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

Boundaries of Each Apartment: The interior surface of the perimeter walls, floors and ceilings of each of the eight (8) apartments of the project

Permitted Alterations to Apartments: See Exhibit "D"

7. Parking Stalls:

Total Parking Stalls: 20

	<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> </u>	<u>11</u>	<u> </u>	<u>1</u>	<u> </u>	<u>4</u>	<u>16</u>
Guest	<u> </u>	<u>2</u>	<u> </u>	<u>2*</u>	<u> </u>	<u>2*</u>	<u>4</u> *Same two parking stalls
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	<u>11</u>		<u>3</u>		<u>6</u>		

Each apartment will have the exclusive use of at least 2 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 E 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):

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 "F".

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 "F".

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 "G".

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 "H" describes the encumbrances against the title contained in the title report dated 9-25-1992 and issued by Title Guaranty of Hawaii, Inc.

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>
Mortgage	Buyer's interest may be terminated and Buyer may be entitled to a refund of deposit.

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 closing of the sale of the apartment shall constitute the assignment by Developer to the Buyer of any and all warranties given the Developer by the Contractor for the Project and by any subcontractors or materialmen, including the Contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the apartment, as defined in the construction contract for the Project, and the benefit of such warranties shall accrue to the Buyer on closing without further instruments or documents.
2. **Appliances:** Warranties on appliances furnished with an apartment shall run in favor of each Buyer directly from the respective manufacturer thereof. The duration and expiration dates of said appliance warranties will vary depending upon the type of appliance, the terms of the warranty and the dates of installation and/or first use. There are no other warranties, express or implied, with respect to the apartments or the appliances in the Project or any common element or anything installed therein.

G. Status of Construction and Estimated Completion Date:

The estimated date for construction to commence is December 15, 1992
The estimated date for completion is June 1, 1993

H. Project Phases:

The developer [] has [x] 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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- 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 "A" 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
- 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 "I" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated October 14, 1992
Exhibit "J" 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 _____

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. 2738 filed with the Real Estate Commission on October 15, 19

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C. Additional Information Not Covered Above

Except for the construction warranties set forth in paragraph I on page 16 hereof, the apartments, the Project and anything installed therein are being sold by Developer and Fee Owner in "AS IS" condition with "ALL FAULTS." Buyers should review paragraph 21 of the Deposit Receipt and Sales Contract, which is reproduced in Exhibit I of this report.

EXHIBIT A

DEVELOPER'S RESERVED RIGHTS
TO CHANGE CONDOMINIUM DOCUMENTS

The following provisions in the Declaration, By-Laws and the apartment sales contracts, as indicated, reflect those rights which the Developer has reserved to change the Declaration, By-Laws, Rules and Regulations ("House Rules") and Condominium File Plan:

I. DECLARATION

"S. AMENDMENT OF DECLARATION. Except as otherwise provided herein or in the Act, this Declaration may be amended by a vote of the owners of seventy-five percent (75%) of the interests in the common elements effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such owners or by any two (2) officers of the Association; provided, however, that an amendment required to transfer parking stalls pursuant to Section 514A-14 of the Act need only be executed by the owners of the apartments to which and from which such parking stalls are being transferred, and their mortgagee(s), if any, and such transfer of parking stalls between apartments shall be effective only upon recording such amendment in the Bureau; provided, further, that Developer may, at any time prior to the recordation of an apartment deed in the Bureau conveying an apartment to a party not a signatory hereto, amend this Declaration and the By-Laws in any manner as Developer may deem fit, and specifically, may amend the designation of the parking stalls appurtenant to the apartments. Notwithstanding the foregoing and notwithstanding the sale and conveyance of any of the apartments, the Developer may amend this Declaration to file the "as built" verified statement (with plans, if so applicable) required by Section 514A-12 of the Act, provided (1) such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, numbers and dimensions of the apartments as built, or (2) the plans filed therewith involve only immaterial changes to the layout, location, numbers and dimensions of the apartments as built."

"U. RESERVED RIGHTS OF DEVELOPER. In addition to any other rights reserved herein, Developer reserves the right for itself and its agents, until such time as all the apartments in the Project are sold by Developer, to do the following:

1. To grant to any public utility or governmental authority easements for sewer, drainage, water and other utility facilities over, under, along, across and through said land, all under the usual terms and conditions required by the grantee for such easement rights; to grant to any other person or entity any easements for ingress, egress or roadway purposes over, under, along, across and through said land (provided, however, that such easement rights shall be granted and exercised in such a manner as not to unreasonably damage the buildings of the Project or unreasonably interfere with the use of said land by the apartment owners and their successors and assigns); and to quitclaim any easements in favor of the Project which are not required for the Project. Each apartment owner agrees that such apartment owner, and any person claiming an interest in said land by, through or under such apartment owner, shall, upon request, join in and execute any and all documents designating, granting and quitclaiming any such easements;

2. To amend this Declaration, the Condominium File Plan and the By-Laws consistent with any grant of rights by Developer under 0.1 hereinabove; and

3. To maintain development facilities and conduct sales of apartments at the Project, including, but not limited to, maintaining model apartments, operating a sales and construction office, conducting advertising, placing signs, utilizing parking stalls, including guest stalls, and erecting lighting in connection with such sales; provided, however, that Developer shall not use any apartment (or its limited common elements) for such purposes other than an apartment owned by Developer; provided, further, that in exercising such right, Developer shall not interfere with the right of any apartment owner to the use of, or access to, his apartment or any of the common elements or limited common elements appurtenant thereto."

II. BY-LAWS

ARTICLE II, SECTION 2. "Notwithstanding anything to the contrary provided herein, Developer shall be entitled to exercise the powers, vote and/or act for the Association and the Board on all matters until such time as the first conveyance of an apartment of the Project to a party not a signatory hereto, except as to those rights reserved to Developer in paragraph U of the Declaration, which rights have been reserved until such time as all of the apartments in the Project have been sold."

III. APARTMENT SALES CONTRACTS

"16. CHANGES IN DOCUMENTS AND APARTMENTS/RESERVED RIGHTS OF SELLER. Seller reserves the right to modify all documents

related to the Project, including the Declaration, By-Laws, Condominium File Plan, the Apartment Deed, the Rules and Regulations, Seller's Disclosure Abstract, and any exhibits to any such documents.

Seller further reserves the right to make minor changes in the Apartment, other apartments and in the common elements or limited common elements; provided, however, that except as provided in the Declaration, no changes shall be made which substantially affect the physical location or design of the Apartment."

"27. MISCELLANEOUS.

"(b) Buyer understands and agrees that Seller shall be entitled to exercise the powers, vote and/or act for the Association and the Board on all matters until such time as the first conveyance of an apartment of the Project to a party other than Seller, except as to those rights reserved to Seller, as 'Developer, in paragraph U of the Declaration, which rights are reserved to Developer until such time as all apartments in the Project have been sold."

EXHIBIT B

DESCRIPTION OF BUILDINGS

The project will consist of one (1) two -story structure with a total of eight (8) apartments, including four (4) apartments on each of the first and second floors.

The building will be constructed principally of wood, metal and related building materials on a concrete slab foundation, The building will not have a basement, there will be twenty (20) parking stalls in the Project, including four (4) guest stalls.

EXHIBIT C

USE RESTRICTION FOR APARTMENTS
AND PROJECT COMMON ELEMENTS

The following provisions in the Declaration, By-Laws and House Rules, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. DECLARATION

"J. USE. Each apartment shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. The - owners of the apartments shall have the absolute right to rent or lease the same subject to the limitations, restrictions, covenants and conditions of this Declaration."

II. BY-LAWS

ARTICLE VIII, SECTION 5.

"(A) All apartments of the Project shall be used only for residential purposes and for long-term or transient rentals, specifically including vacation rentals and timesharing plans, as provided in the Declaration.

(B) Each apartment owner may use the common elements in accordance with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners, subject to: (1) the right of the Board, upon the approval of the owners of seventy-five percent (75%) of the common interests, to change the use of the common elements; (2) the right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those common elements which are not actually used by any of the apartment owners for an originally intended special purpose, as determined by the Board; provided that unless the approval of the owners of seventy-five percent (75%) of the common interests is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days' written notice; (3) the right of the Board to lease or otherwise use for the benefit of the Association those common elements not falling within subsection (2) above, upon obtaining: (i) the approval of the owners of seventy-five percent (75%) of the common interests, including all directly affected owners and all owners of apartments to which such common elements are appurtenant in the case of limited common elements, and (ii) approval of all mortgagees of record on apartments with respect to which owner approval is required by (i) above, if such lease

or use would be in derogation of the interest of such mortgagees; and (4) the exclusive use of the limited common elements as provided in the Declaration.

(C) No owner or occupant of an apartment shall post any advertisement, bill, poster or other sign on or about the Project without the prior written approval of the Board.

(D) All owners and occupants shall exercise extreme care about causing or permitting noises that may disturb other occupants.

(E) No owner or occupant shall permit any child residing or visiting with him to loiter or play in the stairways, corridors or parking areas or other areas of the Project not intended for such use.

(F) No garbage, refuse or trash of any kind shall be thrown, placed or kept on any common element other than the disposal facilities provided for such purposes.

(G) Nothing shall be allowed, done or kept in any apartment or common element which will cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance maintained by or for the Board with respect thereto, nor shall any noxious or offensive activity or nuisance be made or suffered thereon.

(H) No owner or occupant shall place, store or maintain on walkways, roadways, grounds or other common elements any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements.

(I) No owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of such owner's or occupant's apartment or the Project nor alter or remove any furniture of the common elements.

(J) No owner or occupant shall erect or place in the Project any building or structure, including fences and walls, nor make any additions or structural alterations to or exterior changes of any common elements of the Project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications, including detailed plot plan, prepared by a licensed architect if so required by the Board and approved by the Board and a majority of the apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected where such additions, alterations to or exterior changes are made to any limited common elements of the Project; provided, however, that the foregoing restriction regarding maintenance of signs, posters or bills shall not apply to such signs, posters or bills displayed by Developer for sales purposes prior to the sale of the last apartment.

(K) No owner shall use or keep anything on the grounds or any other common elements which would in any way hinder the full use and enjoyment thereof by any other owner or occupant. It is intended that the buildings shall present a uniform appearance, and to effect that end the Board may require the painting or repair of outside doors, windows, trim, fences, railings and other exposed portions of the buildings and regulate the type and color of paint to be used. The Board is authorized to contract for said painting and repair and to assess each owner a for such owner's proportionate share of such painting and repair.

(L) No owner at occupant, without the prior written consent of the Board, shall erect, place or maintain any television or other antennas on said Project visible from any point outside of the Project.

(M) No livestock, poultry, rabbits, pets or other animals of any kind, shall be allowed or kept in any part of the Project without the prior written consent of the Board.

(1) Any apartment owner who keeps a pet in the owner's apartment with the prior written consent of the Board a may, upon the death of the animal, replace the animal with another and continue to do so for as long as the owner continues to reside in the owner's apartment or another apartment subject to these By- Laws.

(2) Any apartment owner who is keeping a pet pursuant to subsection (1) as of the effective date of an amendment to these By-Laws which prohibits owners from keeping pets in their apartments shall not be subject to the prohibition but shall be entitled to keep the pet and acquire new pets as provided in subsection (1)."

III. HOUSE RULES

SECTION A. RULES PERTAINING TO APARTMENTS

"1. Visible Aesthetics. Except for any of the following items provided with the apartment by the Developer, no awning, venetian blinds, window guards, radio or television antenna or planters shall be attached to or hung from the exterior of any building or protrude through the walls, windows or roof thereof, and no notice, advertisement, bill, poster, illumination or other sign shall be inscribed or posted on or about the Project, unless approved in writing by the Board of Directors or the Managing Agent, nor shall anything be projected from any windows of the Project without similar approval. If a person wishes to change the draperies originally provided with the apartment, the side of all draperies or curtains placed against the windows or doors or openings facing toward the exterior of the building shall be as nearly identical in color to those originally provided as practical.

2. Apartment Maintenance. The repair and maintenance of apartment interiors are the responsibilities of the individual owners.

3. Common Areas; Building. It is intended that the exterior of the building shall present a uniform appearance and, to effect that end, the Board of Directors may require the painting of walls and ceilings of all or part of any building and regulate the type and color of paint to be used. The Board of Directors is authorized to contract for such painting and to make payment therefor out of the maintenance fund.

4. Nameplates. Nameplates and names of the apartment owners may be displayed only in the form and at such places as are approved by the Board of Directors.

5. Noise. All noises from whatever source shall be discriminately controlled so that they do not disturb or annoy other residents of the buildings. All residents shall maintain quiet between the hours of 9:00 PM. and 7:00 am. daily except on Fridays, Saturdays and nights preceding holidays when the quiet hours shall begin at 11:00 . Excessive noise at any time should be reported to the Resident Manager, the Managing Agent or the Board of Directors for appropriate action."

"8. Windows/Walkways Outside The Apartments. Garments, rugs, mops or other objects shall not be dusted or shaken from windows, stairways or the fire escape areas of the buildings or cleaned by beating or sweeping on any exterior part of the buildings. Dust, rubbish or litter shall not be swept or thrown from any apartment or any other room of the buildings into any entry way or other parts of the premises. Furthermore, nothing shall be thrown or emptied by occupants or their guests out of windows or doors into any part of the buildings or the Project. Textile items, such as towels, bathing apparel and clothing, brooms, mops or cartons shall not be placed on passages or in windows so as to be in view from the outside of the building. No shoes shall be allowed to remain in view at any entry way.

9. Pets. No livestock, poultry, rabbits, pets or other animals whatsoever, shall be allowed or kept in any part of the Project without the prior written consent of the Board of Directors.

(a) Any apartment owner who keeps a pet in the owner's apartment with the prior written consent of the Board may, upon the death of the animal, replace the animal with another and continue to do so for as long as the owner continues to reside in the owner's apartment or another apartment subject to the By-Laws.

(b) Any apartment owner who is keeping a pet pursuant to subsection (a) as of the effective date of an amendment to the By- Laws which prohibits owners from keeping

pets in their apartments shall not be subject to the prohibition but shall be entitled to keep the pet and acquire new pets as provided in subsection (a).

10. Rubbish. Explosives or waste of flammable nature, and other refuse or waste materials which may create an unpleasant odor, discharge noxious or flammable gases or vapors, or pose any hazard to health or property shall not be deposited in the garbage collection areas. Rubbish is to be bound in reasonable bundles, placed in plastic bags and deposited by the residents in the garbage collection areas.

11. Guests. The apartment owner and/or the apartment occupant is responsible at all times for the reasonable conduct of their guests. Any guest who will be residing in the building for a week or more should be registered with the Resident Manager or the Managing Agent.

12. Air Conditioning. All air conditioning units must be approved by the Board prior to installation to insure that the voltage requirements are compatible with the electrical system of the Project. All air conditioners shall be equipped with appropriate drip pans to prevent the accumulation or dripping of water anywhere on the buildings and thus prevent the possibility of water damage or irritation to other apartments.

SECTION B. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

"1. Soliciting. No charitable or commercial soliciting for sales of goods and services, or religious or political activities shall be permitted in the Project unless approved by the Board of Directors.

2. Surfboards and Bicycles. Surfboards and bicycles shall be stored only in the apartments and not in or on any common element of the Project.

"4. Protection of Common Areas. Furniture, furnishings and equipment for the common elements have been provided for the safety, comfort and convenience of all residents and guests of the apartments and, therefore, shall not be altered, extended, removed or transferred to other areas without permission from the Managing Agent or the Board of Directors."

"6. Access. The grounds, walkways, stairways, building entrances, driveways and other similar common elements shall be used strictly for ingress and egress from the parking and apartment areas, and must be at all times kept free from obstructions.

7. Litter. Waste receptacles are provided for use in the common elements.

8. Children. An apartment resident shall be responsible for the conduct of his children at all times,

insuring that their behavior is neither offensive to any occupant of the building nor damaging to any portion of common elements.

9. Landscaping. None of the Project's landscaping is to be removed, picked or transplanted by any residents or guests."

SECTION C. GENERAL

"2. Hazards. Nothing shall be allowed, done or kept in any apartment unit or common areas of the Project which would overload or impair the floors, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association, nor shall any noxious or offensive activity or nuisance be made or suffered thereon. WATERBEDS ARE EXPRESSLY PROHIBITED IN THIS PROJECT. No occupant shall use or permit to be brought into the building or common areas anything deemed extra hazardous to life, limb or property, such as gasoline, kerosene or other combustibles of like nature, nor any gunpowder, fireworks or other explosives. The throwing of firecrackers and the explosion of any fireworks anywhere on the grounds or within any building is expressly prohibited."

"5. Rentals. Subject to the terms of the Declaration, the By-Laws, and any laws, ordinances, codes or other governmental rules and regulations governing the use of an apartment, an apartment owner may lease his apartment or make it available to friends; provided, however, that the person or persons leasing, renting or living in the apartment shall abide by the House Rules and the apartment owner shall assume responsibility for the occupants' conduct. The apartment owner must notify the Resident Manager or the Managing Agent of the names and length of anticipated occupancy of all such occupants, and must register them in person with the Resident Manager or the Managing Agent. Each such occupant shall acknowledge in writing, on a form provided by the Resident Manager or the Managing Agent, that he has read, understands and agrees to abide by the House Rules, as they may be amended from time to time.

Upon request of the Board of Directors, the Managing Agent or the Resident Manager, an apartment owner shall immediately abate and remove, at such owner's expense, any structure, thing or condition that may exist with regard to the occupancy of his apartment by his lessee(s), rentee(s) or guest(s) which is in violation of the lease, Declaration, By-Laws or these House Rules or contrary to the intent and meaning of the provisions hereof; or, if the apartment owner is unable to control or require such lessee(s), renter(s) or guest(s) to comply herewith, he shall, upon request of the Board of Directors, the Managing Agent or the Resident Manager, immediately remove such lessee(s), renter(s) or guest(s) from the premises, without compensation for lost rentals or any other damage resulting therefrom.

Apartment owners shall be responsible for designating a local agent to represent their interest if their residence is outside of the State of Hawaii or if they will be absent from the apartment for more than thirty (30) days. Each apartment owner shall file with the Managing Agent or the Resident Manager his out-of-town address and telephone number and the telephone number of their agent.

Each apartment 'Owner shall observe and perform these House Rules and ensure that his licensees and invitees also observe and perform these House Rules. Apartment owners will be responsible for their guests' observance of all House Rules set forth herein. In the event expenses are incurred due to violations of House Rules by guests or licensees, the apartment owner shall be responsible for payment of same."

SECTION D. VEHICLES

"2. Car Washing. Washing, cleaning or polishing of cars and motorcycles shall be permitted only in the parking areas.

3. Parking Stalls. No personal items, such as lumber, furniture, boxes or crates, shall be stored in the parking stalls.

4. Movement of Vehicles. Vehicles shall travel at no more than five (5) miles per hour while in the Project. Drivers are expected to observe traffic signs for the safety of all.

5. Access. No vehicle belonging to an apartment owner or to a member of the family, a guest or tenant of an apartment owner shall be parked in a manner so as to impede or prevent ready access to any entrance or to any exit from the Project by another vehicle."

"7. Nuisance. No major repairs to automobiles or motorcycles are permitted in the Project. No racing of motors is permitted, and all automobiles and motorcycles must be equipped with quiet mufflers. All cars parked in the parking areas must be in operating condition with current vehicle license and safety stickers required by law."

THE DECLARATION, BY-LAWS AND HOUSE RULES CONTAIN OTHER USE PROVISIONS IN ADDITION TO THOSE STATED ABOVE. PROSPECTIVE OWNERS SHOULD READ AND UNDERSTAND ALL OF THE USE RELATED PROVISIONS CONTAINED IN THE AFORESAID DOCUMENTS.

EXHIBIT D

PERMITTED ALTERATIONS TO APARTMENTS

The By-Laws permit alterations to the apartments as follows:

I. DECLARATION

PARAGRAPH O.

"Notwithstanding anything contained in this Declaration to the contrary, and subject to the Act, any alterations or additions within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment which do not alter the characteristics of such apartment or limited common element, shall require the written consent and approval of the apartment owner's plans therefor only by the holders of all liens affecting such apartment (if the lien holders require such consent and approval) and the Board, and such alterations or additions may be undertaken without an amendment to this Declaration or the filing of a complete set of floor plans of the Project so altered."

II. BY-LAWS

ARTICLE VIII, SECTION 3(A).

"(A) Additions, alterations, repairs or improvements to the common or limited common elements of the Project may be made only by or at the direction of the Board, except as provided for in the Declaration. No owner of an apartment may, except with the written consent of the Board, make any alteration, addition, repair or improvement to any of the common elements including, without limitation, common or limited common elements within, encompassing or adjacent to such owner's apartment, except as provided for in the Declaration or if such alteration, addition, repair or improvement shall be required by law."

ARTICLE VIII, SECTION 4.

"Section 4. Additions or Alterations by Apartment Owners. No apartment owner shall do any work which could jeopardize the soundness or safety of the property, reduce the value thereof, or impair any easement or hereditament, nor may any apartment owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five percent (75%) of the apartment owners, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained. Except as may be otherwise provided herein or in the Declaration, no owner shall

install any solar energy devices or make any addition or alteration in or to such owner's apartment which may affect the common elements or change the exterior appearance of the Project, without the prior written consent thereto of the Board. The Board shall have the obligation to answer any written request by an apartment owner for approval of a proposed addition or alteration in such owner's apartment within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition or alteration."

EXHIBIT E

PARKING

There are four (4) guest parking stalls, designated on the Condominium file Plan as stall nos. 5, 4, 10 and 11, which parking stalls are common elements of the project. The remaining sixteen (16) parking stalls are limited common elements designated for the exclusive use of the owners of the apartments, as follows:

<u>APARTMENT</u>	<u>DESIGNATED PARKING STALL</u>
101	19 and 20
102	17 and 18
103	06 and 07
104	01 and 02
201	15 and 16
202	13 and 14
203	03 and 12
204	08 and 09

All stalls are regular parking stalls, except those designated "HC" for handicap parking stalls and "C" for compact parking stalls. Stall nos. 6, 7, 8, 9, 10 and 11 are tandem parking stalls.

The Condominium Property Regime Act (Chapter 514A, Hawaii revised Statutes) provides that owners shall have the right to change the designated parking stalls which are appurtenant to their respective apartments by amendment of the Declaration and the respective apartment deeds involved. the amendment need only be signed and approved by the owners of the apartments whose parking stalls are being changed and their respective mortgages, if any.

The House Rules contain specific provisions about vehicles and parking, which owners should thoroughly understand. The provisions relate to vehicle registration with the board of Directors, Managing Agent or Resident Manager, if any, vehicle washing, storage of personal items in parking stalls, and avoidance of access problems caused by vehicles, the House Rules also address particular problems such as towing for unauthorized parking and operation of vehicles while in the Project. Nuisances created by repairs, maintenance, noise and improper or unsafe vehicle operating conditions are prohibited, Owners will be held responsible for violations of parking rules by their lessees, renters or guests.

EXHIBIT F

DESCRIPTION OF COMMON ELEMENTS
AND LIMITED COMMON ELEMENTS

I. COMMON ELEMENTS

Paragraph E of the Declaration provides:

"One freehold estate is hereby designated in all of the remaining portions of the Project (the "common elements"), which shall include the limited common elements described in paragraph F hereinbelow and all portions of the land and improvements other than the apartments, including the buildings, the land on which the buildings are located and all common elements mentioned in -the Act which are actually constructed on the land described herein. Said common elements shall include, but-shall not be limited to the following:

1. The land described in Exhibit "A".
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surfaces within each apartment), roofs, stairways, and walkways.
3. All yards, grounds, landscaping, refuse and like facilities.
4. All driveways, loading areas, ramps, parking area entryways and exitways, and the twenty (20) parking stalls designated on the Condominium File Plan, including four (4) guest parking stalls.
5. All electrical transformer boxes and rooms, storage rooms, trash rooms, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the buildings for common use.
6. All walkways, stairways and lanais/patios situated within the Project.
7. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment."

II. LIMITED COMMON ELEMENTS.

Paragraph F of the Declaration provides:

"Certain parts of the common elements (the 'limited common elements') are hereby set aside and reserved for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside for each apartment are as follows:

1. The parking stall designated for such apartment in Exhibit 'B'; and
2. One (1) mailbox located on the Project grounds, bearing the same number as the number of the apartment.
3. The lanai/patio of each unit as designated on the condominium map.

Notwithstanding any provisions herein or in the By-Laws to the contrary, all costs of every kind pertaining to each limited common element, including but not limited to, costs of maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner(s) of the apartment(s) to which it is appurtenant. Expenses which are attributable to more than one parking stall or mailbox shall be allocated among the affected parking stalls or mailboxes on a per parking stall or mailbox basis. Any expense which cannot be separately identified or attributed to a limited common element shall be charged as a common expense."

EXHIBIT G

COMMON INTEREST FOR EACH APARTMENT

Each apartment shall have appurtenant there to an undivided percentage interest (the "common interest") in all common elements of the Project and in all common profits and expenses of the Project and for all other purposes including voting. The percentage common interest for each apartment (as set forth in paragraph D.1 of the declaration) is as follows:

<u>APARTMENT NO.</u> <u>INTEREST</u>	<u>PERCENTAGE COMMON</u>
101	13.20%
102	13.25%
103	13.20%
104	13.20%
201	11.75%
202	11.90%
203	11.75%
204	11.75%

The common interest and easements shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Condominium Property Regime Act.

EXHIBIT I

SUMMARY OF PERTINENT PROVISIONS OF SALES CONTRACT

Developer has filed a specimen Deposit Receipt and Sales Contract ("Sales Contract") with the Hawaii Real Estate Commission. In addition to other provisions contained therein, the Sales Contract contains the following provisions:

"4. USE OF ESCROW FUNDS. Buyer agrees that payments under paragraph 2 hereof may be disbursed by Escrow Agent prior to the date of completion of the buildings to pay the cost of constructing the buildings and other expenses of the Project, all as provided in the Condominium Escrow Agreement, a copy of which has been furnished to Buyer, which Buyer hereby ratifies and approves and which is incorporated herein."

"6. SELLER'S CANCELLATION RIGHTS. In addition to any other rights of cancellation or termination reserved to Seller herein, if (a) Buyer's initial deposit check is returned for insufficient funds, or (b) Buyer (or any one (1) of them if Buyer is more than one (1) person) should die prior to closing, or (c) Buyer makes any misrepresentation to Seller hereunder, then, in any such event, Seller reserves the right to return Buyer's check or payments, without interest and less the processing and cancellation fee imposed by Escrow Agent and any other actual expenses incurred by reason of Buyer's execution of this Agreement. Until Seller so elects to cancel this Agreement, it shall remain in full force and effect."

"17. BUYER'S RIGHT TO RESCIND. Notwithstanding anything contained in paragraph 16 hereinabove to the contrary:

(a) Except for any additions, deletions, a modifications and reservations made pursuant to the terms of the a: Declaration, if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) Buyer's Apartment or appurtenant limited common elements, or (2) those amenities of the Project available for Buyer's use, Buyer shall have the right to rescind the sale made under this Agreement and to receive a prompt and full refund of any monies paid.

(b) Buyer's right of rescission under paragraph 17(a) above shall be waived upon (1) delivery to Buyer, either personally or by registered or certified mail, return receipt requested, of a disclosure document which describes the material change and contains a provision for Buyer's written approval or acceptance of such change, and (2) Buyer's written approval or acceptance of the material change, or the lapse of ninety (90) days since Buyer has accepted the Apartment, or the occupancy of the Apartment by Buyer. If Buyer does not rescind this Agreement

or execute and return the written approval or acceptance of such change as provided in the disclosure document within thirty (30) days from the date of delivery of such disclosure document, Buyer shall be deemed to have approved and accepted such change; provided, however, that the deemed approval and acceptance shall be effective only if at the time of delivery of the disclosure document, Buyer is notified in writing of the fact that Buyer will be deemed to have approved and accepted the change upon Buyer's failure to act within the thirty (30) day period. If, prior to delivery of such disclosure document, ninety (90) days have lapsed since Buyer has accepted the Apartment, or Buyer has occupied the Apartment, then Buyer's right of rescission under paragraph 17(a) above shall not be waived unless Buyer shall execute the written approval or acceptance of such change as provided in the disclosure document Within thirty (30) days from the date of delivery of such disclosure document or Buyer is deemed to have approved and accepted such change as set forth above. A copy of the form of disclosure document shall be delivered to the Commission prior to delivery to Buyer.

18. DEFAULT.

(a) Time is of the essence of this Agreement, and if Buyer shall default in any payment when required or fail to perform any other obligations required of Buyer hereunder and shall fail to cure such default within five (5) days after receipt of written notice thereof from Seller, Seller may, at Seller's option, terminate this Agreement by written notice to Buyer. In the event of such default, the parties hereto understand and agree that in view of (i) Seller's financial commitments with respect to the Project, (ii) the connection between sales, cancellation or default with respect to one (1) apartment and the sale, cancellation or default with respect to other apartments in the Project, and (iii) the nature of the real estate market in Hawaii, the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such default, the parties agree that the sums paid by Buyer hereunder prior to such default shall belong to Seller as liquidated damages. At Seller's option, Seller may also pursue any other remedy at law or in equity for specific performance, damages or otherwise. All costs, including reasonable attorneys' fees, incurred by reason of default by Buyer shall be borne by Buyer.

(b) If Seller shall default in the performance of any obligation required of Seller hereunder, Buyer shall be entitled to specific performance of this Agreement or Buyer shall have the right to cancel and terminate this Agreement. In the event of such cancellation and termination, Seller shall repay to Buyer all sums paid by Buyer to Seller or Escrow Agent pursuant to the provisions hereof, and, in addition, Seller shall pay Buyer ONE HUNDRED AND NO/100 DOLLARS (\$100.00) as liquidated damages for Seller's default. Buyer expressly waives any right or remedy against Seller which now exists or which hereafter may exist for the default of Seller under this Agreement, except for

the foregoing right to specific performance or to cancel and terminate this Agreement, and to receive all sums paid to Seller a and Escrow Agent and the sum of ONE HUNDRED AND NO/100 DOLLARS (\$100.00)."

"20. PRE-PAID ITEMS. Buyer acknowledges that Buyer will be required to prepay: (a) maintenance fees for a period of two (2) months, which amount shall constitute a non-refundable start-up fee to be transferred to the Association for use in paying the initial operating costs of the Project, (b) maintenance fees for a period of two (2) months, which amount shall constitute a contribution to the maintenance reserve fund for the Project pursuant to the Declaration, (c) real property taxes for a period of six (6) months, and (d) insurance premiums to the extent required by any first mortgage lender. Real property taxes, insurance and maintenance expenses shall be prorated as of the Closing Date or the date of actual possession, whichever sooner occurs. Buyer further agrees that all insurance, maintenance, assessments and other expenses shall also be prorated between Seller and Buyer as of such probation date for real property taxes. Buyer understands and agrees that any amount to be paid by Buyer under this paragraph 20 is in addition to, and is not part of the total purchase price set forth hereinabove.

21. WARRANTIES. The closing of the sale of the Apartment shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the contractor for the Project, including the contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after substantial completion of the Apartment and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties and shall comply with all applicable laws requiring notice of the expiration of such warranties.

Buyer acknowledges that Seller has made no other warranties, express or implied, with respect to the Apartment, the Project the common elements or anything installed therein, which are being sold in "AS IS" condition with "ALL FAULTS". Neither Seller nor Owner shall correct any defects in the Apartment, the Project, the common elements or anything installed therein and the existence of any defect shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

At Seller's option, an inspection program may be instituted and, if so, Buyer agrees to inspect the Apartment on a date and at a time to be specified by Seller and upon completion of such inspection, to sign an inspection sheet in the form attached hereto as Exhibit "B" and made a part hereof for all purposes, which shall list all defects or damages to the

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Apartment, if any. If Buyer fails to sign the inspection sheet or fails to inspect the Apartment as scheduled, Buyer agrees to accept possession of the Apartment despite the existence of any defects or damages regardless of extent, including but not limited to any defects in carpets, draperies, appliances and fixtures, which may be listed in said inspection sheet, but which do not render the Apartment uninhabitable. If Buyer signs the inspection sheet, Seller will cooperate with and assist Buyer in having repaired any such defects or damages within a reasonable time thereafter by the general contractor or other warrantor. Buyer agrees to indemnify Seller for any damages or losses, including interest and attorneys' fees, resulting from Buyer's failure to inspect the Apartment or Buyer's refusal to sign the inspection sheet or accept possession of the Apartment upon request by Seller. Buyer's refusal to inspect the Apartment or sign the inspection sheet shall be deemed a default under this Agreement and Seller, at its sole option, shall be entitled to cancel this Agreement and keep all payments made hereunder a-liquidated damages. Buyer hereby waives all rights of inspection and the right to Seller's cooperation and assistance with the general contractor or other warrantors if Buyer fails to inspect U the Apartment on the date and time specified by Seller, and Buyer acknowledges that such waiver shall not in any way affect Buyer's obligations hereunder, including without limitation, the making of PAYMENT C and performance of Buyer's closing obligations.

Buyer's Initials''

"23. SUBORDINATION. Buyer acknowledges that Seller has entered or will enter into a loan agreement or agreements with one or more established financial institutions to finance construction of the Project (collectively, "Construction Lender"), pursuant to which Seller has granted or will grant to Construction Lender security interests covering Seller's interest in the Project and the Project land, including this Agreement and the property covered by this Agreement. Buyer agrees to execute a and deliver promptly to Seller a subordination agreement and any further instrument required by Seller, Construction Lender or their successors in interest to evidence such subordination.

24. CONDITION TO BINDING EFFECT OF AGREEMENT.

(a) Notwithstanding anything contained herein to the contrary, this Agreement shall not be binding upon Buyer and any obligation to purchase the Apartment under this Agreement shall not be enforceable against Buyer until:

(1) The Commission has issued an effective a date for a Final Public Report on the Project and Seller has

delivered, or caused to be delivered, to Buyer, either personally or by certified mail with return receipt requested, a true copy of the Final Public Report, together with a true copy of all prior public reports on the Project, if any, which have not been previously delivered to Buyer (unless the Final Public Report supersedes all prior public reports, in which case only a true copy of the Final Public Report shall be delivered to Buyer, or a supplementary public report has been issued which supersedes the Final Public Report and all prior public reports, in which case only a true copy of such supplementary public report shall be delivered to Buyer);

(2) Buyer has been given an opportunity to read the reports; and

(3) Two (2) copies of the form of the receipt and notice set forth in Section 514A-62 of the Hawaii Revised Statutes, as amended, have been delivered to Buyer and Buyer (i) executes the receipt and notice, and (ii) waives Buyer's right to cancel; provided, however, that if Buyer does not execute and return the receipt and notice within thirty (30) days from the date of delivery of such reports, or if the Apartment is conveyed to Buyer prior to the expiration of such thirty-day period, Buyer shall be deemed to have accepted for the reports and to have waived Buyer's right to cancel.

(b) Unless such right has previously been waived pursuant to paragraph 24(a) hereinabove, Buyer shall have the right to cancel this Agreement at any time prior to the earlier of (1) the conveyance of the Apartment to Buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of said Final Public Report to Buyer, and, upon any such cancellation, shall be entitled to a prompt and full refund of all monies paid, less any escrow cancellation fee and other costs associated with the purchase up to a maximum of TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$250.00).

25. BUYER'S RECOGNITION OF PERMITTED APARTMENT USES. Buyer acknowledges that the apartments in the Project shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests. The owners of the apartments shall have the absolute right to rent or lease the apartments subject to the limitations, restrictions, covenants and conditions of the Declaration.

Seller and all entities, persons and agents related to or affiliated with Seller, have no program at this time, nor is any program planned or contemplated, to offer a rental service of any kind to the owners of apartments, either individually or in any form of pooling arrangements, nor have any representations been made by Seller or its agents as to the feasibility of

renting the apartments. Purchasers of apartments who desire to rent their apartments must therefore make their own rental arrangements.

Neither Seller nor its agents have made any representation regarding either economic benefits to be derived from rentals or tax treatment of any purchaser of an apartment. The tax treatment and economic benefits may vary with individual circumstances and Seller, and its agents, recommend that Buyer consult Buyer's own attorney, accountant or other tax counsel for advice regarding appropriate tax treatment.

Buyer hereby acknowledges receipt of written notice that Seller has not authorized any agents, salesmen or brokers for the Project to make any representations as to rental or other income from an apartment or any other economic benefit to be derived from the rental of an apartment in the Project, and if any such representations are made, they are hereby expressly disclaimed by Seller.

26. OWNER-OCCUPANT BUYER ON RESERVATION LIST. If, in accordance with Section 514A-104 of the Hawaii Revised Statutes, as amended, Buyer has executed an affidavit of intent to become an owner-occupant of the Apartment and has deposited TWO THOUSAND DOLLARS (\$2,000.00) or other acceptable consideration with Seller to permit Buyer to be put on a reservation list compiled by Seller's broker, the following provisions shall be incorporated into this Agreement:

(a) Notwithstanding anything contained herein to the contrary, this Agreement shall be conditioned upon Buyer obtaining adequate financing, or a commitment for adequate financing, within fifty (50) calendar days following the end of the ten (10) calendar day period during which Seller is limited to selling to owner-occupants, and if such financing or commitment is not obtained, this Agreement shall be canceled.

(b) If during the ten (10) calendar day period following the issuance of the first public report for the Project by the Commission, Buyer indicates by written notice to Seller that Buyer desires to cancel this Agreement on account of hardship circumstances such as serious illness of Buyer or a member of Buyer's family, job or military transfer, unforeseeable change in marital status, or the birth of a child, which causes Buyer to be unable to purchase the Apartment, or if Buyer indicates an intent not to become an owner-occupant of the Apartment, Seller shall cancel this Agreement.

(c) Upon the cancellation of this Agreement as provided in this paragraph 26, Seller shall cause Escrow Agent to refund to Buyer all monies paid without interest, less any escrow cancellation fee and other costs incurred by Seller in processing this Agreement; provided, however, that the cancellation shall be approved by any lender financing the Project."

EXHIBIT J

SUMMARY OF PERTINENT
PROVISIONS OF ESCROW AGREEMENT

Among other provisions, the Condominium Escrow Agreement dated October 14, 1992 (the "Escrow Agreement"), executed by and between Title Guaranty Escrow Services, Inc., as Escrow, and WCL Kihei Palms, Inc., as Developer, provides that a purchaser shall be entitled to a return of his funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

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

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

(c) Developer and purchaser shall have requested Escrow in writing and any one of the following events has occurred:

(i) no sales contract has been offered to the purchaser who has been placed on the Developer's reservation list of owner-occupant applicants; or

(ii) purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within fifty (50) calendar days following the end of the ten (10) calendar day period during which the Developer is limited to selling to owner-occupant; or

(iii) the purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(iv) the purchaser indicates an intent not to become an owner-occupant of such unit.

No disbursement of purchasers' funds held in escrow, other than refunds provided for in the Escrow Agreement, shall be made until certain conditions are satisfied. In general, these conditions include:

(1) The issuance of an effective date for the

Final Public Report on the Project by the Hawaii Real Estate Commission;

(2) If applicable, delivery to and acknowledgment of receipt of appropriate public reports by a purchaser, and delivery to Escrow Agent of a written opinion by Developer or Developer's attorney stating that the purchaser's sales contract has become effective;

(3) Delivery to Escrow Agent of a written opinion by Developer or Developer's attorney stating that certain statutory requirements have been met; and

(4) A written waiver of any option reserved in any sales contract to cancel such sales contract.

KIHEI PALMS CONDOMINIUM PROJECT
REGISTRATION NO. 2738
DISCLOSURE ABSTRACT AS OF OCTOBER 15, 1992

1. Name and Address of Project:
Kihei Palms
Kapu Place [Street address pending]
Kihei, Hawaii 96753

2. Name, Address and Telephone Number of Developer:
WCL Kihei Palms, Inc.
2542 Date Street, Suite 301
Honolulu, Hawaii 96826
(808) 942-7106

3. Name, Address and Telephone Number of Managing Agent of Project:
Bello Realty Inc.
PO Box 1776
1993 South Kihei Road. Suite 215
Kihei, Maui 96753
(808) 879-3328

4. Maintenance Fees: The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the maintenance' fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein.

Notwithstanding the foregoing, each apartment owner shall not be obligated for the payment of such apartment owner's monthly maintenance fees until the Developer files an amended Disclosure Abstract with the Real Estate Commission providing for a specific date on which such apartment owner must commence payment of such apartment owner's respective monthly maintenance fees, which amended Disclosure Abstract shall be filed with the Hawaii Real Estate Commission at least thirty (30) days prior to the date on which each apartment owner

must assume responsibility for payment of such apartment owner's respective monthly maintenance fees. Developer will furnish each apartment owner with a copy of such amended Disclosure Abstract.

5. Warranties: The closing of the sale of the apartment shall constitute the assignment by the Developer to the buyer of any and all warranties given the Developer by the contractor for the Project and by any subcontractors or material men, including the contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the apartment, as defined in the construction contract for the Project, and the benefit of such warranties shall accrue to the buyer on closing without further instruments or documents. Warranties on appliances furnished with an apartment shall run in favor of each buyer directly from the respective manufacturer thereof. The duration and expiration dates of said appliance warranties will vary depending upon the type of appliance, the terms of the warranty and the dates of installation and/or first use. There are no other warranties, express or implied, with respect to the apartments or the appliances in the Project or any common element or anything installed therein.

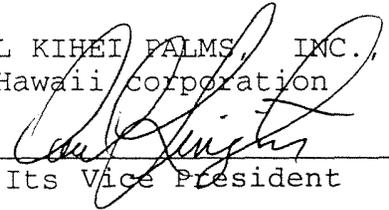
Except for the foregoing warranties, the apartments, the appliances in the Project, the common elements and anything installed in the Project are being sold in "AS IS" condition with "ALL FAULTS" by the Developer and the Fee Owner (as defined in the Preliminary Condominium Public Report for the Project).

6. Proposed Number of Residential Apartments Permitted Use. The Project includes eight (8) residential apartments which shall be occupied and used only as private dwellings.

7. Extent of Non-Residential Development. The Declaration of Condominium Property Regime for the Project does not authorize the commercial or non-residential use of the Project in any of the apartments.

Dated: Honolulu, Hawaii, October 15, 1992

WCL KIHAI PALMS, INC.,
a Hawaii corporation

By 
Its Vice President

Developer

EXHIBIT A

ESTIMATED MONTHLY MAINTENANCE FEES FOR EACH APARTMENT

1. Total Estimated Monthly Fees
(See Exhibit "B" attached) : \$ 1,441.00
2. Total Estimated Annual Maintenance Fees
(See Exhibit "B" attached) : \$ 17,292.00
3. Estimated Monthly and Annual Cost Per Apartment

<u>Apartment</u>	<u>Percentage Common Interest</u>	<u>Estimated Monthly Maintenance Fees</u>	<u>Estimated Annual Maintenance Fees</u>
101	13.20%	190.21	2,282.40
102	13.25%	190.93	2,291.16
103	13.20%	190.21	2,282.40
104	13.20%	190.21	2,282.40
201	11.75%	169.31	2,031.72
202	11.90%	171.48	2,057.76
203	11.75%	169.48	2,031.72
204	11.75%	169.48	2,031.72

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

