

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Napili Hau Villages Joint Venture
Address 900 Fort Street, #1560, Honolulu, HI 96813

Project Name(*): Napili Hau Villages I
Address: Hanawai & Napili Hau Streets, Lahaina, HI 96761

Registration No. 3388

Effective date: February 28, 1997

Expiration date: March 28, 1998

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:

1. At § II of this Report, the Condominium Declaration, as amended, Bylaws, as amended, and Map, as amended, are now filed at the Bureau of Conveyances.
2. At § III C.6, the quantity, net living area, and lanai square footage have been revised.
3. At § III E., the Preliminary Title Report is now dated November 4, 1996. Encumbrances listed in Exhibit E reflect the new report.
4. At § III H., the Project phasing has been eliminated.
5. The Table of Contents Exhibits have been reviewed and Exhibits have been added and/or revised.
6. The Condominium Managing Agent has been changed from Chaney Brooks and Company to Oihana Property Management & Sales Inc.
7. Joseph Kealoha, Inc. has replaced Century 21 as a participating broker for the Project.

Prospective purchasers are urged to read EXHIBIT I carefully, as they would be buying subject to the outcome of the lawsuits.

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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: Napilihau Villages Joint Venture Phone: (808) 524-4065
Name 900 Fort Street, Suite 1560 (Business)
Business Address
Honolulu, Hawaii 96813

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

James G. Lee (President-Napilihau Corporation)
Wayne Tanigawa (President-BRJ Napili Inc.)

Real Estate
Brokers:

Heneliaka Realty, Inc. Phone: (808) 524-4065
Name 900 Fort Street, #1560 (Business)
Business Address
Honolulu, HI 96813

and

Joseph Kealoha, Inc. Phone: (808) 244-7996
1380 Main Road, Room 2 (Business)
Wailuku, Maui, HI 96793

Escrow: First American Title Co. of Hawaii Phone: (808) 524-4050
Name 923 Nuuanu Avenue (Business)
Business Address
Honolulu, HI 96813

General
Contractor: Albert C. Kobayashi, Inc. Phone: (808) 671-6460
Name 94-535 Ukee Street (Business)
Business Address
Waipahu, HI 96797

Condominium
Managing
Agent: Oihana Property Management
& Sales Inc. Phone: (808) 244-7684
Name 840 Alua St., #103 (Business)
Business Address
Wailuku, Maui, HI 96793

Attorney for
Developer: Chun, Kerr, Dodd, Beaman & Wong Phone: (808) 528-8200
Name 745 Fort Street, 9th Floor (Business)
Business Address
Honolulu, HI 96813

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of 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. 96-183173
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]:

First Amendment to the Declaration of Condominium Property Regime of Napilihau Villages I, dated February 28, 1997, Document No. 97-027411.

- 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. 2506
 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]:

First Amendment to the Declaration of Condominium Property Regime of Napilihau Villages I, dated February 28, 1997, Document No. 97-027411.

- 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. 96-183174
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]:

First Amendment to the Bylaws of the Association of Apartment Owners of Napilihau Villages I, dated February 28, 1997, Document No. 97-027412.

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>65%</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:

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: Hanawai & Napilihau Streets Tax Map Key: (2) 4-3-03:108
District of Lahaina, Maui 96761 (TMK)

[X] Address [] TMK is expected to change because County has not yet assigned street numbers.

Land Area: 3.892 [] square feet [X] acre(s) Zoning: A-1 Apartment

Fee Owner: Napilihau Village Joint Venture
Name -
900 Fort Street, Suite 1560
Address
Honolulu, HI 96813

Sublessor: N/A
Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 9 Floors Per Building 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>76</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. Soecial 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: _____
- Number of Occupants: reasonable number
- Other: See Article V, Section 7 of proposed Bylaws and Section 10 of the Declaration.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: Exterior Trash Chutes: None

<u>Apr. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A-1</u>	<u>14</u>	<u>2/1.5</u>	<u>767</u>	<u>130</u>
<u>A-2</u>	<u>14</u>	<u>2/1.5</u>	<u>767</u>	<u>145</u>
<u>B-1</u>	<u>2</u>	<u>2/2</u>	<u>751</u>	<u>112</u>
<u>B-2</u>	<u>2</u>	<u>2/2</u>	<u>751</u>	<u>142</u>
<u>C-1</u>	<u>22</u>	<u>2/1</u>	<u>646</u>	<u>154</u>
<u>C-2</u>	<u>22</u>	<u>2/1</u>	<u>646</u>	<u>13</u>
Total Apartments: <u>76</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:

See Exhibit B

Permitted Alterations to Apartments:

See Exhibit C

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>
	X		
Uses	<u> </u>	<u> </u>	<u> </u>
Structures	<u> </u>	<u> </u>	<u> </u>
Lot	<u> </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 D .

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:

[X] 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:

[X] described in Exhibit D.

[] 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 E describes the encumbrances against the title contained in the title report dated November 4, 1996 and issued by First American Title Company 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 lien(s) of Developer's Lender(s)	Buyer's interest is specifically made subject and subordinate to such liens.

Note: Developer has notified the Commission that at the time of the first conveyance of each apartment, each of Developer's lender(s)' lien(s) will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

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 execution, delivery and recordation of the Apartment Deed shall constitute the assignment by Developer to Buyer of any and all warranties given Developer by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said 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 that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents.

2. Appliances:

Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the Apartment.

G. Status of Construction and Estimated Completion Date:

Construction is estimated to be completed in December 1997.

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):

Buyers should be aware that neighboring lots may also be developed as separate condominium or rental projects.

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 F 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 and telephone

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:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated July 2, 1994

Exhibit H 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 , as amended
 - C) Bylaws of the Association of Apartment Owners , as amended
 - D) House Rules.
 - E) Condominium Map, as amended
 - 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. 3388 filed with the Real Estate Commission on 8/2/95.

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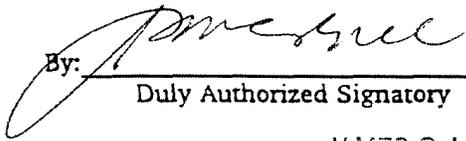
C. Additional Information Not Covered Above

1. AFFORDABLE HOUSING. The project will be sold subject to certain affordable housing requirements established by Maui County. Certain units are being designated for purchase by "Moderate Income Purchasers" and "Low-Moderate Income Purchasers" based on income limits. To this extent the definition of "owner-occupant" as defined in the Condominium law shall be further limited by Maui County's restrictions. Purchasers are urged to inquire further on this matter.

2. See attached information relating to certain lawsuits against the Project, attached as Exhibit I hereto.

- 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.

Napilihau Villages Joint Venture
Name of Developer

By: 
Duly Authorized Signatory

12/31/96
Date

JAMES G. LEE
PRESIDENT

print name & title of person signing above

Distribution:

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

EXHIBIT A

Description of Buildings

The Project consists of nine (9) two-story buildings: three (3) Type "A" Buildings each containing eight (8) residential apartments, five (5) Type "C" Buildings each containing eight (8) residential apartments, and one (1) Type "M" Building containing twelve (12) residential apartments as more particularly described in Exhibit B attached hereto and made a part hereof (collectively, "the Buildings"). The Buildings will be constructed primarily of wood with appropriate trim.

a. Type "A" Buildings. Each Type "A" Building, as more particularly shown on Sheet 1C of the Condominium Map, shall have two stories connected by two exterior stairways. The first floor of each Type "A" Building shall contain four (4) residential apartments (two (2) Type "A-1" apartments and two (2) type "A-1R" apartments), four (4) covered landings fronting each apartment and four (4) water heater closets. The second floor of each Type "A" Building shall contain four (4) residential apartments (two (2) Type "A-2" apartments and two (2) type "A-2R" apartments), four (4) covered landings fronting each apartment, four (4) exterior closets and two stairway landings.

b. Type "C" Buildings. Each Type "C" Building, as more particularly shown on Sheet 1D of the Condominium Map, shall have two stories connected by two exterior stairways. The first floor of each Type "C" Building shall contain four (4) residential apartments (two (2) Type "C" apartments and two (2) Type "C-R" apartments), four (4) covered landings fronting each apartment, four (4) water heater closets, and two electrical closets. The second floor of each Type "C" Building shall contain four (4) residential apartments (two (2) Type "C" apartments and two (2) type "C-R" apartments), four (4) covered landings fronting each apartment, four (4) exterior closets and two stairway landings.

c. Type "M" Building. The Type "M" Building, as more particularly shown on Sheet 1E of the Condominium Map, shall have shall have two stories connected by two exterior stairways. The first floor of the Type "M" Building shall contain six (6) residential apartments (one each of apartment Types "A-1", "A-1R", "B-1", "B-1R", "C-1", and "C-1R"), six (6) covered landings fronting each apartment, six (6) water heater closets, and one electrical closet. The second floor of each Type "M" Building shall contain six (6) residential apartments (one each of apartment Types "A-2", "A-2R", "B-2", "B-2R", "C-2", and "C-2R"), four (4) covered landings fronting each apartment, four (4) exterior closets and three stairway landings.

EXHIBIT B

Description of Apartments

1. Description of Apartments.

a. There are established in the Project a total of seventy-six (76) residential apartments as shown on the Condominium Map. Each apartment is designated as a separate freehold estate.

b. Each residential apartment is designated on the Condominium Map by an apartment number consisting of the building number followed by a three digit apartment number. Each residential apartment as so designated and identified by an apartment number is located in the Project as shown on the Condominium Map.

c. Each Type "A-1" and "A-2" apartment shall have two bedrooms, one and one-half bathrooms, a storage room, a living room, a kitchen and a lanai. Each Type "B-1" and "B-2" apartment shall have two bedrooms, two bathrooms, a storage room, a living room, a kitchen and a lanai. Each Type "C-1" and "C-2" apartment shall have two bedrooms, one bathroom, a storage room, a living room, a kitchen and a lanai. Where an apartment type is followed by the letter "R" on the Condominium Map, such shall indicate the reverse or mirror image of that apartment type.

d. Each apartment has immediate access to driveways and other common elements of the Project.

e. The approximate net living area of each apartment consists of the enclosed portion of each such apartment measured from the interior surface of such apartment's perimeter walls and is shown on Exhibit B to the Declaration. Areas of lanais, patios or exterior storage, if any, are limited common elements and are not considered as a part of the apartment. The areas of limited common elements are computed and reported separately from the enclosed apartment area and are shown on Exhibit B to the Declaration.

f. Each apartment shall include the cubic space within and including the interior finish of all exterior walls and walls common to other units, above and including the finish materials above the structural portions of the floors below, to the area below the structural portions of the ceilings, and all of the improvements, fixtures, equipment and personal property contained within such space, and shall specifically include interior floor tiling, carpeting and finishes, interior and exterior doors and door frames, interior and exterior windows and window frames, interior fixtures, exterior fixtures which are controlled from the interior of the apartment or which are for the sole use of the apartment, interior non-load-bearing walls and partitions, and all ducts, pumps, pipes, conduits, wires and other utility lines running through such apartment which do not serve or are not utilized by any other apartment; provided however, that an apartment shall not include foundations, structural and/or load-bearing portions of the exterior and interior walls, floors and ceilings, roofs, and any pipes, wires or other utility lines, or conduits, or ducts or other facilities, located over, under or through such apartment which are utilized by or which serve one or more apartments other than the one in which such utility lines, conduits, ducts or facilities are located, whether located within or without the cubic space comprising the apartment, the same being deemed common elements as hereinafter provided.

2. Specific Information on Each Apartment. See Schedule A-1 attached hereto.

NAPILIHU VILLAGES 1
Buildings 1-9

Bldg./ Apt. No.	Parking Stall Nos.	Apt. Type	Bedroom/ Bath Count	Net Living Area	Lanai/ Storage Area	Total Square Footage	% of Common Interest
1-101	7 8	A-1	2/1.5	767	130	897	0.014720
1-102	11 12	A-1	2/1.5	767	130	897	0.014720
1-103	3 4	B-1	2/2	751	112	863	0.014162
1-104	35 36	B-1	2/2	751	112	863	0.014162
1-105	24 25	C-1	2/1	646	154	800	0.013129
1-106	31 32	C-1	2/1	646	154	800	0.013129
1-201	5 6	A-2	2/1.5	767	145	912	0.014967
1-202	9 10	A-2	2/1.5	767	145	912	0.014967
1-203	1 2	B-2	2/2	751	142	893	0.014645
1-204	33 34	B-2	2/2	751	142	893	0.014645
1-205	23 30	C-2	2/1	646	13	659	0.010815
1-206	28 29	C-2	2/1	646	13	659	0.010815
2-101	41 42	A-1	2/1.5	767	130	897	0.014720
2-102	45	A-1	2/1.5	767	130	897	0.014720

SCHEDULE A-1

Bldg./ Apt. No.	Parking Stall Nos.	Apt. Type	Bedroom/ Bath Count	Net Living Area	Lanai/ Storage Area	Total Square Footage	% of Common Interest
	46						
2-103	49	A-1	2/1.5	767	130	897	0.014720
	50						
2-104	26	A-1	2/1.5	767	130	897	0.014720
	37						
2-201	39	A-2	2-1.5	767	130	897	0.014967
	40						
2-202	43	A-2	2/1.5	767	130	897	0.014967
	44						
2-203	47	A-2	2/1.5	767	130	897	0.014967
	48						
2-204	27	A-2	2/1.5	767	130	897	0.014967
	38						
3-101	51	A-1	2/1.5	767	130	897	0.014720
	69						
3-102	55	A-1	2/1.5	767	130	897	0.014720
	66						
3-103	57	A-1	2/1.5	767	130	897	0.014720
	64						
3-104	54	A-1	2/1.5	767	130	897	0.014720
	67						
3-201	52	A-2	2/1.5	767	130	897	0.014967
	70						
3-202	56	A-2	2/1.5	767	130	897	0.014967
	65						
3-203	58	A-2	2/1.5	767	130	897	0.014967
	63						
3-204	53	A-2	2/1.5	767	130	897	0.014967
	68						

SCHEDULE A-2

Bldg./ Apt. No.	Parking Stall Nos.	Apt. Type	Bedroom/ Bath Count	Net Living Area	Lanai/ Storage Area	Total Square Footage	% of Common Interest
4-101	74 75	C-1	2/1	646	154	800	0.013129
4-102	18 78	C-1	2/1	646	154	800	0.013129
4-103	59 62	C-1	2/1	646	154	800	0.013129
4-104	71 72	C-1	2/1	646	154	800	0.013129
4-201	76 77	C-2	2/1	646	13	659	0.010815
4-202	79 80	C-2	2/1	646	13	659	0.010815
4-203	60 61	C-2	2/1	646	13	659	0.010815
4-204	22 73	C-2	2/1	646	13	659	0.010815
5-101	84 85	C-1	2/1	646	154	800	0.013129
5-102	88 89	C-1	2/1	646	154	800	0.013129
5-103	16 81	C-1	2/1	646	154	800	0.013129
5-104	17 83	C-1	2/1	646	154	800	0.013129
5-201	86 87	C-2	2/1	646	13	659	0.010815
5-202	90 91	C-2	2/1	646	13	659	0.010815
5-203	15	C-2	2/1	646	13	659	0.010815

SCHEDULE A-3

Bldg./ Apt. No.	Parking Stall Nos.	Apt. Type	Bedroom/ Bath Count	Net Living Area	Lanai/ Storage Area	Total Square Footage	% of Common Interest
	82						
5-204	13	C-2	2/1	646	13	659	0.010815
	14						
6-101	100	C-1	2/1	646	154	800	0.013129
	105						
6-102	102	C-1	2/1	646	154	800	0.013129
	107						
6-103	94	C-1	2/1	646	154	800	0.013129
	95						
6-104	98	C-1	2/1	646	154	800	0.013129
	99						
6-201	101	C-2	2/1	646	13	659	0.010815
	106						
6-202	103	C-2	2/1	646	13	659	0.010815
	104						
6-203	92	C-2	2/1	646	13	659	0.010815
	93						
6-204	96	C-2	2/1	646	13	659	0.010815
	97						
7-101	116	C-1	2/1	646	154	800	0.013129
	117						
7-102	118	C-1	2/1	646	154	800	0.013129
	140						
7-103	108	C-1	2/1	646	154	800	0.013129
	165						
7-104	110	C-1	2/1	646	154	800	0.013129
	111						
7-201	120	C-2	2/1	646	13	659	0.010815
	139						

SCHEDULE A-4

Bldg./ Apt. No.	Parking Stall Nos.	Apt. Type	Bedroom/ Bath Count	Net Living Area	Lanai/ Storage Area	Total Square Footage	% of Common Interest
7-202	114 115	C-2	2/1	646	13	659	0.010815
7-203	109 166	C-2	2/1	646	13	659	0.010815
7-204	112 113	C-2	2/1	646	13	659	0.010815
8-101	149 150	A-1	2/1.5	767	130	897	0.014720
8-102	153 164	A-1	2/1.5	767	130	897	0.014720
8-103	154 155	A-1	2/1.5	767	130	897	0.014720
8-104	146 147	A-1	2/1.5	767	130	897	0.014720
8-201	151 152	A-2	2/1.5	767	145	912	0.014967
8-202	156 157	A-2	2/1.5	767	145	912	0.014967
8-203	158 159	A-2	2/1.5	767	145	912	0.014967
8-204	145 148	A-2	2/1.5	767	145	912	0.014967
9-101	124 125	C-1	2/1	646	154	800	0.013129
9-102	128 129	C-1	2/1	646	154	800	0.013129
9-103	123 142	C-1	2/1	646	154	800	0.013129
9-104	119	C-1	2/1	646	154	800	0.013129

SCHEDULE A-5

Bldg./ Apt. No.	Parking Stall Nos.	Apt. Type	Bedroom/ Bath Count	Net Living Area	Lanai/ Storage Area	Total Square Footage	% of Common Interest
	141						
9-201	126	C-2	2/1	646	13	659	0.010815
	131						
9-202	127	C-2	2/1	646	13	659	0.010815
	130						
9-203	122	C-2	2/1	646	13	659	0.010815
	144						
9-204	121	C-2	2/1	646	13	659	0.010815
	143						

76 Total number of units

PARKING:

152	Total number of assigned stalls; 2 stalls for each unit - all uncovered
148	standard assigned stalls (#'s 1-18, 22-117, 120-131, 139-152, 155-159, 164-166)
4	handicapped assigned stalls (#'s 118, 119, 153, 154)
14	Total number of standard guest stalls
14	uncovered (stall numbers 19-21, 132-138, 160-163)

166 Total number of stalls

EXHIBIT C

Alteration of Project

a. Except as otherwise provided in this Declaration or the Act or as otherwise required by law, neither the Association nor any apartment owner shall perform any of the following acts except pursuant to plans and specifications therefor approved in writing by the Board of Directors: (i) repairing, replacing or rebuilding any apartment or any of the common and limited common elements in a manner different in any material respect from the Condominium Map, (ii) engaging in any alterations which will affect the structural integrity of any apartment or the common and limited common elements, (iii) constructing on the common and limited common elements any new building or structure, or (iv) enclosing any lanai or enclosing any parking stall. Upon the completion of any such work, there shall be filed with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or apartment owner, as the case may be, shall file an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a registered architect and engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the apartment owner, as the case may be, and approved by the Board of Directors, Declarant, and no consent or joinder of any other apartment owner or person shall be required. Except as otherwise provided in this Declaration, the Bylaws and the House Rules, each apartment owner shall be free, with the consent of all mortgagees of record of any interest in such apartment owner's apartment, to make such alterations and improvements within such apartment owner's apartment or within or on the limited common elements appurtenant thereto, without the consent or joinder of the Board of Directors, the Association, any apartment owner, Declarant or any other person.

b. Certain Work Prohibited. Notwithstanding anything to the contrary in this Declaration, no apartment owner (a) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament; (b) shall add any material structure or excavate any basement or cellar, (c) shall rebuild, repair or restore the Project in the event of substantial or total destruction of the Project without in every such case obtaining the prior consent of seventy-five percent (75%) of the apartment owners, together with the prior written consent of all mortgagees of record and apartment owners whose apartments or limited common elements appurtenant thereto are directly affected or (d) shall convert any common element to a limited common element without the written consent of all of the apartment owners first had and obtained; provided that nonmaterial structural additions to the common elements, including "solar energy devices" as defined in Section 514A-89 of the Act, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment, shall require approval only by the Board of Directors and such percentage, number, or group of apartment owners or other parties as may be required by this Declaration or the Bylaws. As used in this subparagraph, "nonmaterial structural additions to the common elements" means a structural addition to the common elements which does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting apartment owner of the use or enjoyment of any part of the Project or directly affect any nonconsenting apartment owner.

c. Declarant shall have the right at any time prior to the issuance of a certificate of occupancy for each apartment, with the consent of the purchasers of such apartment, if any, but without the consent of any other person or persons, to alter such apartment if no common areas are made a part of the apartment and the common elements (but not limited common elements) are not otherwise affected.

d. In the event that any change or alteration made in accordance with paragraph 17(d) requires any amendment to this Declaration or the Condominium Map, such amendment may be executed by Declarant, without requiring the consent or joinder of any other person or persons, and filed as aforesaid.

EXHIBIT D

Description of Common Elements, Limited Common Elements, and Common Interest

Common Elements.

All portions of the Project other than the apartments and all other common elements mentioned in the Condominium Property Regime Act which are actually included in the Project, including specifically without limitation:

- a. The Land in fee simple.
- b. The driveways and areas located within the Project as outlined on Sheet No. A-1 of the Condominium Map.
- c. Recreational or barbecue areas, if any, located within the Project as outlined on Sheet No. A-1 of the Condominium Map.
- d. Walls, fences and landscaping not located on limited common areas.
- e. All sewer lines, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and across the Project which serve more than one apartment for services such as, but not limited to, electricity, water, gas, sewer, telephone, radio, television and cable television signal distribution.
- f. All areas, structures or facilities of the Project, within or outside of each building, which are for common use or which serve more than one apartment, such as electrical, machine, mechanical and equipment rooms and the equipment and facilities therein, surveillance system and facilities, if any, walkways and common ways, planters, landscaping, yards, fences, retaining walls, refuse collection areas, parking structure and the guest and employee parking stalls therein.
- g. 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, or normally in common use.
- h. The limited common elements described below.

Limited Common Elements.

- a. Common elements of the Project which are rationally related to less than all of the apartments shall be limited to the use of such apartments.
- b. The mailbox corresponding to the apartment number of each apartment.
- c. Parking stalls appurtenant to each apartment as set forth in Exhibit B to the Declaration.

d. The yard appurtenant to each ground floor apartment as shown on the plot plan of the proposed Condominium Map is a limited common area for the ground floor apartment to which the respective yard is appurtenant.

Percentage of Undivided Interest.

Each apartment shall have appurtenant thereto an undivided interest in the common elements of the Project as shown in the following pages from Exhibit B of the Declaration.

EXHIBIT E

**Encumbrances Against Title
Appearing on the Title Report Dated November 4, 1996**

1. Real property taxes as may be due and owing. For further information, check with the county tax assessor.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Rights of Native Tenants as contained in Royal Patent No. 1663 and all customary and traditional gathering and other rights of native Hawaiians.
4. Any failure to comply with the terms and provisions of:

LEASE

Lessee: Maui Electric Company, Limited and Hawaiian Trust Company, now known as GTE Hawaiian Telephone Company Incorporated
Dated: October 9, 1961
Liber: 4162
Page: 301
Term: for a term of 35 years from the date hereof, and thereafter from year to year until terminated by either Lessor or Lessee
Re: Easement for utility purposes over, under, across and through a portion of the land herein described

5. Terms and provisions of that certain Subdivision Agreement (Three Lots or Less) made by and between Max Isaac, husband of Harriet Isaac, "Isaac", and Maui Land and Pineapple Company, Inc., a Hawaii corporation, "ML&P", "Owner", and the County of Maui, "County" dated February 18, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15530, at Page 477, to which reference is hereby made.
6. Terms and provisions of that certain Subdivision Agreement (Three Lots or Less) made by and between Maui Land & Pineapple Co., Inc., a Hawaii corporation, "Owner", and the County of Maui, "County", dated February 5, 1981, recorded in said Bureau in Liber 15957, at Page 113, to which reference is hereby made.
7. Terms and provisions of that certain Subdivision Agreement (Large Lots) made by and between Maui Land & Pineapple Co., Inc., a Hawaii corporation, "Owner", and the County of Maui, "County", dated February 5, 1981, recorded in said Bureau in Liber 15960, at Page 622, to which reference is hereby made.
8. Terms and provisions of that certain Section VII(c) Agreement For West Maui Areas made by and between Maui Land & Pineapple Company, a Hawaii corporation, "Applicant", and the County of Maui and the Department of Water Supply, County of Maui, "County", dated January 23, 1984, recorded in said Bureau in Liber 17676, at Page 285, to which reference is hereby made.

9. Terms and provisions of that certain Subdivision Agreement (Large Lots) made by and between Maui Land & Pineapple Co., Inc., a Hawaii corporation, "Owner" and the County of Maui, "County", dated June 19, 1984, recorded in said Bureau in Liber 17992, at Page 535, to which reference is hereby made.
10. Terms and provisions of that certain Subdivision Agreement (Three Lots or Less) made by and between Maui Land & Pineapple Co., Inc., a Hawaii corporation, "Owner", and the County of Maui, "County", dated June 19, 1984, recorded in said Bureau in Liber 17992, at Page 545, to which reference is hereby made.

11. Terms, provisions, agreements, restrictions, covenants and conditions as contained in:

NOTICE OF AIRPORT AND AIRCRAFT OPERATIONS

Dated: November 26, 1984
 Liber: 18291
 Page: 140

to which reference is hereby made, but deleting restrictions, if any, based on race, color, religion or national origin

12. Restrictions, covenants and conditions as contained in:

AFFORDABLE HOUSING COVENANT

Dated: ---
 Document No. 92-138862

to which reference is hereby made, but deleting restrictions, if any, based on race, color, religion or national origin

- 13.

- a. FIRST MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

Mortgagor: James G. Lee and Henrietta Lee, husband and wife
 Borrower: James G. Lee and Henrietta Lee, husband and wife, and J.G.L. Enterprises, Inc.
 Mortgagee: First Hawaiian Creditcorp, Inc., a Hawaii corporation
 Dated: December 9, 1992
 Document No.: 92-202438
 To Secure: \$1,300,000.00
 and any other amounts and/or obligations secured thereby

- b. MODIFICATION AGREEMENT

Dated: March 8, 1994
 Document No.: 94-057614

14. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

Mortgagor: Napili Hau Villages Joint Venture, a joint venture registered as a Hawaii general partnership, the general partners of which are BRJ Napili Inc., a Hawaii corporation, and Napili Hau Corporation, a Hawaii corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: February 25, 1994
Document No.: 94-038926
To Secure: \$2,400,000.00
and any other amounts and/or obligations secured thereby

15. Financing Statement in favor of First Hawaiian Bank recorded in said Bureau as Document No. 94-038927.

16. Terms and provisions of that certain Elevation Agreement (Water Service) made by and between Napili Hau Villages Joint Venture, a Hawaii general partnership, "Applicant", and the Department of Water Supply of the County of Maui, "Department", dated May 16, 1996, recorded in said Bureau as Document No. 96-086061, to which reference is hereby made.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>		<u>Monthly Fee x 12 months = Yearly Total</u>
TYPE A-1 (14 units)	\$164.17 per unit	\$1,970.04
TYPE A-2 (14 units)	\$166.93 per unit	\$2,003.16
TYPE B-1 (2 units)	\$157.95 per unit	\$1,895.40
TYPE B-2 (2 units)	\$163.45 per unit	\$1,961.40
TYPE C-1 (22 units)	\$146.43 per unit	\$1,757.16
TYPE C-2 (22 units)	\$120.62 per unit	\$1,447.44

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

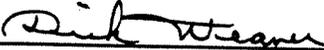
Estimate of Maintenance Fee Disbursements:

NAPILIHU VILLAGES PHASE I
Utilities and Services

Monthly X 12 months = Yearly Total

Air Conditioning	\$0	\$0
Electricity		
[] common elements only	\$179	\$2,148
[] common elements and apartments	\$0	\$0
Gas	\$0	\$0
Refuse Collection	\$801	\$9,612
Telephone	\$30	\$360
Water and Sewer	\$1,809	\$21,708
Maintenance, Repairs and Supplies		
Building	\$220	\$2,640
Grounds	\$1,486	\$17,832
Management		
Management Fee	\$760	\$9,120
Payroll and Payroll Taxes	\$1,650	\$19,800
Office Expenses	\$91	\$1,092
Insurance		
Fire/Liability	\$1,925	\$23,100
TDI/Workers' Comp.	\$165	\$1,980
Health Insurance	\$155	\$1,860
Reserves	\$760	\$9,120
Taxes and Government Assessments	\$177	\$2,124
Audit Fees	\$135	\$1,620
Other -		
Managers Apartment Expense	\$800	\$9,600
Miscellaneous	\$10	\$120
TOTAL	\$11,153	\$133,836

I Dick Weaver, President, Oihana Property Management & Sales Inc. as managing agent for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Dick Weaver, CPM

4/9/96

Date:

EXHIBIT G

Summary of Sales Contract

The form of the Sales Contract, filed with the Commission, provides for, among other things, a description of the apartment to be sold, the purchase price, the time, manner and place of payment, the Purchaser's obligations regarding mortgage financing, Developer's warranties and disclaimers regarding the construction, fixtures and appliances, and the remedies of Seller and of Purchaser in the event of a default under the Contract.

Among other provisions, the specimen Sales Contract provides:

1. The Sales Contract contains restrictions on selling or assigning the Sales Contract.
2. Seller has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's apartment.
3. The Sales Contract is subject to the provisions of the Declaration, Bylaws, and other condominium documents.
4. The purchase of the apartment in the Project is subject to ongoing sales activity by the Developer with respect to completing the sales of the Project.
5. Estimated Project completion date is December 1998, and the Project under the Sales Contract means not only Napilihau Villages I but also Napilihau Villages II and III as shown on the Condominium Map.

IF A FINAL PUBLIC REPORT HAS NOT BEEN ISSUED, THE SALES CONTRACT WILL OPERATE AS A RESERVATION IN FAVOR OF PURCHASER TO PURCHASE ITS APARTMENT ON THE TERMS AND CONDITIONS CONTAINED IN THE SALES CONTRACT, BUT WILL NOT CONSTITUTE EITHER AN OBLIGATION OF PURCHASER TO PURCHASE OR AN OBLIGATION OF SELLER TO SELL.

It is incumbent on the Purchaser that he read the full text of the Sales Contract.

EXHIBIT H

Summary of Executed Escrow Agreement

A copy of the executed Escrow Agreement between First American Title Company of Hawaii, Inc., as Escrow, and the Developer, dated July 2, 1994 has been filed with the Commission. The Escrow Agreement provides for the deposit of Purchaser's funds pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement provides in part that any interest earned on money on deposit belongs to the Developer. In the event that the Sales Contract or Chapter 514A, Hawaii Revised Statutes, as amended, entitles a Purchaser to a refund of Purchaser's deposits held by Escrow, then Escrow, upon instruction from the Developer, will refund Purchaser's deposits, without interest earned and less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended.

Under the Escrow Agreement, no disbursement of funds can be made to the Developer until the Sales Contract becomes effective under the provisions of Chapter 514A, Hawaii Revised Statutes, as amended.

It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care. Please ask to see a copy.

EXHIBIT I

Summary of Lawsuits

The Kahana Sunset Owners Association (KSOA), an adjacent property owner, has filed four separate lawsuits against the developer of Napilihau Villages and The County of Maui and The Maui County Council.

The first, The Kahana Sunset Owners Association v. The County of Maui, et al., Civil No. 93-1001(2), is a complaint by KSOA alleging that the County of Maui improperly issued a grading permit and a minor shoreline management area (SMA) permit. Under these permits, the developer stockpiled fill material on the project site. While the County of Maui may have misapplied the law in issuing these two permits, any impropriety was corrected when, after a contested hearing, the County of Maui issued an SMA permit for the entire project. A settlement agreement was reached by all parties and the outcome of this litigation will not affect the project.

KSOA initiated its second lawsuit, The Kahana Sunset Owners Association, et al. v. The Maui County Council, et al., Civil No. 94-0504(3), against the developer and the Council alleging that the Council had improperly approved a change in zoning ordinance. The circuit court found no impropriety in the Council's granting of the change in zoning ordinance. An appeal from the Circuit Court decision has been taken by the KSOA which is still pending in the Hawaii Supreme Court as S. Ct. No. 19217.

In order to develop the project site, the developer had to obtain an SMA permit which was contested by KSOA. After a protracted hearing, the hearing officer recommended approval of the permit. His recommendations were adopted by Maui County Council and the SMA permit was issued in February 1995. KSOA appealed to the circuit court in its third lawsuit, The Kahana Sunset Owners Association v. County of Maui, et al., Civil No. 95-0122(2). On January 17, 1996, the court upheld the issuance of the SMA permit. KSOA has taken another appeal, S. Ct. No. 19588, which is pending.

On April 12, 1996, KSOA filed its fourth lawsuit, The Kahana Sunset Owners Association v. County of Maui, et al., Civil No. 96-0320(3), once again trying to reopen the issuance of the SMA permit. On August 7, 1996, the circuit court confirmed the prior Judgment in Civil No. 95-0122(2) (the third lawsuit) and denied KSOA's motion for partial summary judgment. No trial date has been set. This case is still pending.

CONCLUSION: The first lawsuit has no impact on purchasers. The second lawsuit, if the zoning decision is reversed, or the third or fourth lawsuits, if the SMA permit is set aside, could prevent the project from being built as presently planned.