

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer LIHOLANI ASSOCIATES LLC
Address 81-16 MAKAWAO AVENUE, MAKAWAO, HI 96768

Project Name(\*): LIHOLANI GOLF VILLAS
Address: Liholani Street, Pukalani, Maui, HI 96768

Registration No. 3928 Effective date: May 14, 1998
Expiration date: June 14, 1999

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:

X 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: LIHOLANI ASSOCIATES LLC Phone: 808-572-3011  
Name (Business)  
81-16 Makawao Avenue  
Business Address  
Makawao, HI 96768

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

OWNER/  
MANAGER: KRS Development, Inc., a Hawaii corporation  
Kent R. Smith, President  
OWNER: Cornwell Corporation, a Hawaii corporation, Trustee of the  
Cornwell Corp 401K Retirement Plan FBO Mark R. Walker  
Mark R. Walker, President

Real Estate Broker: IWADO REALTY, INC. Phone: (808) 877-7727  
Name (Business)  
296-A Alamaha Street License No. 15305  
Business Address  
Kahului, HI 96732

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: (808) 244-7924  
Name (Business)  
2103 Wells Street, Ste C  
Business Address  
Wailuku, HI 96793

General Contractor: Not Yet Selected Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Condominium Managing Agent: Not Yet Selected Phone: \_\_\_\_\_  
Name (Business)  
Business Address  
\_\_\_\_\_

Attorney for Developer: BODDEN & MURAOKA (Thomas A. Bodden) Phone: (808) 244-8222  
Name (Business)  
24 N. Church Street  
Business Address  
Wailuku, HI 96793

**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>-NA-</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:

NA These documents not yet finalized or recorded.

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 Sub-leasehold: 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 Sub-leaseholds:

- 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 Sub-leasehold:

**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: Liholani Street  
Pukalani, Hawaii 96768

Tax Map Key (TMK): (II) 2-3-8-37

Address  TMK is expected to change because the street number has not yet been assigned.

Land Area: 3.139  square feet

acre(s)

Zoning: PUD D-1 (duplex)

Fee Owner: Liholani Associates LLC  
 Name  
81-16 Makawao Avenue  
 Address  
Makawao, Hawaii 96768

Lessor: 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: 16 Floors Per Building Two

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>26</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Industrial	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Recreational	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>0</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Other: <u>N/A</u>	<u>0</u>	<input type="checkbox"/> Yes <input checked="" 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: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[ ] Other: \_\_\_\_\_

[ x ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: N/A Stairways: 1 per apt. Trash Chutes: N/A

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
I	10	3/2.5	1,172	312/162	garage/porch
II	9	3/2.5	1,269	300/415	garage/porch
III	7	3/2.5	1,314	288/209	garage/porch
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 26

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

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

Boundaries of Each Apartment:

Each apartment includes the entire area measured from the exterior surface of its perimeter walls, roof and foundation/supports. For those units which share a common garage wall with one adjoining unit, the boundary of each apartment, as to the common wall, is the mid-point of that wall.

Permitted Alterations to Apartments:

Alterations are permitted within any apartment, provided that any alteration affecting the structural integrity or exterior configuration of an apartment requires prior consent of the Board of Directors.

7. Parking Stalls:

Total Parking Stalls: 26 (each enclosed, within the garage area of each apartment).

	<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>26</u>	_____	_____	_____	_____	_____	<u>26</u>
Guest	<u>0</u>	_____	_____	_____	_____	_____	_____
Unassigned	<u>0</u>	_____	_____	_____	_____	_____	_____
Extra for Purchase	<u>0</u>	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>26</u>	_____	_____	_____	_____	_____	<u>26</u>

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

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool       Storage Area       Recreation Area
- Laundry Area       Tennis Court       Trash Chute/Enclosure(s)
- 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 \_\_\_\_\_ (Date)

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):

Not Applicable

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   B  .

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 \_\_\_\_\_.

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 \_\_\_\_\_.

as follows:

Each of the 26 apartments includes an appurtenant one-twenty-sixth (1/26) common interest

The fractional interest in the common elements appurtenant to each unit is determined by allocating an equal percentage interest to each unit, therefore each of the 26 units in the project receive a 1/26 interest in the common elements.

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 C describes the encumbrances against the title contained in the title report dated March 4, 1998

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>	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b>
Mortgage,	in favor of First Hawaiian Credicorp, Inc.

A release of this mortgage will be issued for each apartment, prior to conveyance. The mortgage lien does not extend to, and therefore does not affect, a Buyer's deposit prior to closing and conveyance of each apartment.

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 construction of each apartment (building and materials) will have a standard warranty from the general contractor against defects in construction for 12 months from date of completion of construction. No separate warranty will be provided by the developer.

2. Appliances:

Kitchen appliances and water heater will have a standard manufacturer's warranty as applicable to each item. No separate warranty will be provided by the developer.

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

Construction has not yet commenced. Construction is expected to commence about May 15, 1998, and to be completed by May 15, 1999.

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):



## 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 (To be completed and filed after effectiveness of this Preliminary Report)
- Specimen Sales Contract  
Exhibit E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated February 3, 1998  
Exhibit F 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 issued 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, if any.
  - 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 Declaration of Restrictive Covenants as amended.
  - I) Subdivision Agreement under Maui County Code Section 18.040.030(5), dated August 28, 1996.

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. 3928 filed with the Real Estate Commission on March 30, 1998.

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

YELLOW paper stock       WHITE paper stock       PINK paper stock

C. Additional Information Not Covered Above

1. Proximity to Golf Course and Driving Range. This project borders the Pukalani Country Club (golf course and driving range) a privately-owned public golf facility. Golf activities may result in various inconveniences and risks to unit owners (especially units 1 through 11, which border directly on the golf course fairway), including noise, golf balls, some lack of privacy and other hazards or inconveniences.

The property is subject to specific provisions related to this activity, which are included in the Restrictive Covenants (applicable to the project land) dated August 12, 1995. Pursuant to those Covenants, the following provision will be contained in each deed by which a unit is conveyed by the developer to a purchaser:

**"9.03. GOLF COURSE AND DRIVING RANGE ACTIVITIES.** The Property is adjacent to the Pukalani Country Club, a privately-owned public golf course, and the driving range adjacent thereto (the Pukalani Country Club, driving range and all improvements located thereon or related thereto are hereinafter collectively referred to as the "Golf Course"). Each Owner, by accepting or acquiring title to or any interest in a Lot, shall be deemed to acknowledge and accept the fact that (i) the Golf Course is adjacent to the Property and this proximity is a reason for purchasing a Lot in the Subdivision and that while such closeness to the Golf Course can be beneficial, it also involves certain risks, (ii) activities related to the Golf Course, including, but not limited to, tournaments, parties, luaus, concerts and other social activities, may be held on the Golf Course, (iii) such Owner desired and sought the location of such Owner's Lot in proximity to the Golf Course with the full understanding that the Golf Course is a private facility that is open to the public and that Owners shall not be entitled to any membership or other special privileges at the Golf Course as a result of acquiring a Lot in the Subdivision, and (iv) the proximity of the Golf Course to the Subdivision may result in nuisances or hazards to persons, including tenants and guests of the Owner, as a result of such Golf Course operations and activities, including, without limitation, clubhouse activities, early morning operation of golf maintenance equipment, relocation and/or configuration of the Golf

Course, the existence of water hazards and other installations, facilities and conditions located on the Golf Course which may be an attractive nuisance to children, noisy power equipment, such as lawn mowers, on various days of the week, including weekends, during various times of the day, including, without limitation, early morning and late evening hours, sprinkler and other irrigation systems in operation during the day and at night, electric, gasoline or other power driven vehicles and equipment used by maintenance and operations personnel, the application of pesticides, herbicides and fertilizing chemicals, and other activities related to the Golf Course. Furthermore, each Owner, by accepting or acquiring title to or any interest in a Lot, shall be deemed to have assumed any and all risks associated with the foregoing and the location of the Subdivision and such Owner's Lot in relation to the Golf Course, including, but not limited to, the risk of property damage or personal injury to Owner or others arising from golf balls leaving the Golf Course, including, without limitation, damage to windows and stucco areas of such Owner's Lot, damage to real and personal property of the Owner or others, whether outdoors or within a Residence or other building or improvement located on the Lot, golf carts, maintenance equipment, spraying (including herbicides and insecticides), and actions incidental to activities related to the Golf Course, and shall individually and through the Association, indemnify, defend and hold harmless Declarant and the owners and operators of the Golf Course from any and all liability, claims and expenses, including reasonable attorneys' fees, arising from any such property damage, personal injury or nuisance claims. All fencing or other features installed by an Owner must fully comply with the requirements of this Declaration, if permitted hereunder, and must be first approved by the Community Design Committee.

Each Owner, by accepting or acquiring title to or any interest in a Lot, shall be deemed to acknowledge, understand, accept and agree that all of the foregoing may cause inconvenience and disturbance to such Owner and possible injury or damage to persons and personal property, and each Owner shall be deemed to release Declarant, and any and all owners and operators of the Golf

Course from and against any and all loss, damage or liability relating to or arising in connection with any such disturbance, inconvenience, injury or damage resulting from the foregoing activities, conditions or occurrences related to the Golf Course. Declarant, its principals, subsidiaries, affiliates, successors and assigns, as well as all owners and operators of the Golf Course, shall have the right, in the nature of an easement, to subject the Property to nuisances incidental to the maintenance, operation and/or use of the Golf Course, and each Owner shall permit and not interfere with operations and maintenance of the Golf Course. Notwithstanding anything contained herein to the contrary, each Owner further acknowledges and agrees that the Pukalani Golf Course, including the golf driving range, clubhouse and other amenities, is a private facility which is open to the public only to the extent that the owner thereof desires in its sole discretion, and that Declarant makes no representations or warranties as to the extent to which Owners will be permitted to utilize the Golf Course facilities."

2. Nearby Agricultural Activities. Pursuant to the terms of the Restrictive Covenants dated August 12, 1975, the following provision will also be contained in each deed by which a unit is conveyed by the developer to a purchaser:

"9.07 NEARBY AGRICULTURAL ACTIVITIES.

(a) OWNER'S ASSUMPTION OF RISK AND INDEMNIFICATION OBLIGATIONS. Each Owner, by accepting a deed conveying a Lot, shall be deemed to acknowledge that the Subdivision is adjacent to, nearby or in the vicinity of lands being, or which in the future may be, actively used for the growing, harvesting and processing of sugar cane and other agricultural products (such growing, harvesting and processing activities being herein collectively called the 'Agricultural Activities'), which Agricultural Activities may from time to time bring upon the Subdivision or result in smoke, dust, noise, heat, agricultural chemicals, particulates and similar substances and nuisances (collectively, the 'Agricultural By-Products') which may affect the Subdivision and the Lots therein. Each Owner, by accepting a deed conveying a Lot, shall be deemed to assume complete risk of and forever release Alexander & Baldwin ('A&B') and Declarant from all claims for damages (including, but not limited to, consequential, special, exemplary and punitive damages) and nuisances occurring on such Owner's Lot and arising out of any Agricultural Activities

or Agricultural By-Products. Without limiting the generality of the foregoing, Owner, by accepting a deed conveying a Lot, with full knowledge of its rights, shall be deemed to forever:

(i) waive any and all rights to require A&B and/or the Declarant, and release A&B and the Declarant from any and all obligations, to take any action to correct, modify, alter, eliminate or abate any Agricultural Activities or Agricultural By-Products; and

(ii) waive any right to file any suit or claim against A&B and/or the Declarant for injunction or abatement of nuisances.

Each Owner shall indemnify, defend and hold harmless A&B and the Declarant from and against all claims, demands, actions, losses, damages, liabilities, costs and expenses, including, without limitation, attorneys' fees, asserted against or incurred by A&B and/or the Declarant, which arise out of any injury, death or damage to such Owner, or any agent, contractor, permittee, invitee or tenant of such Owner, or any of their property, that occurs as a result of any Agricultural Activities or Agricultural By-Products. The foregoing obligation of each Owner to indemnify, defend and hold harmless A&B and the Declarant shall apply regardless of the theory of liability which is asserted against A&B or the Declarant. Each Owner shall be further deemed to acknowledge and agree that no such Agricultural Activities or Agricultural By-Products, or any claim, demand, action, loss, damage, liability, cost or expense arising therefrom, shall constitute a breach of any covenant or warranty of A&B or the Declarant or be the basis for a suit or other claim for injunction, abatement of nuisances or damages, and each Owner, by accepting a deed conveying a Lot, shall be deemed to forever waive any and all rights to file any such suit or claim. As used in this Section 9.07, all references to 'A&B' shall mean and include A&B and all subsidiary, affiliated and sister companies of A&B, in their respective capacities as the current owner of the lands on which the Agricultural Activities are conducted, and the person conducting the Agricultural Activities, and all successors and assigns of A&B and its subsidiary, affiliated and sister companies, and all references to the 'Declarant' shall mean and include the Declarant and all successors, assigns, partners and affiliates of the Declarant.

3. Private Sewerage Treatment Facility. Sewerage treatment for this project is provided by Pukalani STP Company Ltd., a Hawaii corporation subject to the regulations of the State Department of Health and Public Utilities Commission. Pukalani STP Company, Ltd. owns and operates an existing sewerage treatment facility which provides sewerage treatment for various properties in the Pukalani area. This facility is not owned or operated by the County of Maui, and the County does not provide, and specifically disclaims responsibility for, sewerage treatment services to the properties serviced by Pukalani STP Company Ltd. including the project.

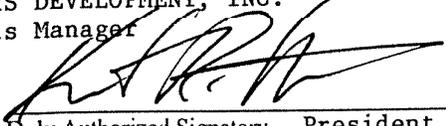
Liholani Associates LLC, the developer of this project, is not affiliated with Pukalani STP Company Ltd., but does hold a written commitment that sewerage treatment services, of sufficient gallonage to meet anticipated needs for this project, will be provided.

4. Mail Receptacles. The developer of the project will contact the United States Postal Service regarding the requirements for the establishment and location of a mail receptacle ("mail box") for each unit in the project prior to the delivery of a deed for any unit from the developer to the purchaser. Such mail box may be established as a limited common element, with each such box appurtenant to a specific apartment, or such mail boxes may be established as a group as part of the (general) common element, adjacent to each unit or at a convenient common location adjacent to Liholani Road.
5. Refuse Collection. Although the roadway providing direct access to individual units within the project will be a common element, and, therefore, privately owned, it is anticipated that, as now occurs in other residential areas containing private roadways, refuse pick up service will be provided by the County of Maui to individual units, the owners of which will be billed accordingly on a direct basis from the County of Maui and, therefore, refuse collection will not be billed as a common expense.
6. Limited Common Elements. The developer may establish limited common elements surrounding or near each unit as "yard" space, with each yard space appurtenant to and for the exclusive use of a designated unit. In the event that the developer establishes such yard space, each purchaser will be provided with a description of the yard space (limited common element) appurtenant to a unit prior to the delivery of a deed for such unit from developer to purchaser.

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.

LIHOLANI ASSOCIATES LLC

KRS DEVELOPMENT, INC.      Printed Name of Developer  
Its Manager

By:       March 28, 1998  
Duly Authorized Signatory, President      Date

Kent R. Smith, President of KRS Development, Inc., Manager of Liholani  
Printed Name & Title of Person Signing Above      Associates LLC

Distribution:

Department of Finance, County of Maui  
Planning Department, County of Maui

## EXHIBIT "A"

### Buildings and Improvements

Liholani Golf Villas is located at Pukalani, Island and County of Maui, State of Hawaii on a 3.139 acre parcel of land identified by Tax Map Key No. (II) 2-3-8-37. Pukalani Golf course borders Liholani Golf Villas on the South and East, Haakakai gulch is to the North, and Liholani Street is to the West.

Liholani Golf Villas consists of sixteen buildings comprising 26 residential units. Each unit will be two stories with three bedrooms and two and one-half baths, an attached enclosed, one-car garage and two covered porches.

A private asphalt roadway provides access to each unit from Liholani road.

The TWENTY-SIX (26) freehold estates, referred to as "apartments" or "units," are designated and depicted on the Condominium File Plan and are numbered 1 through 26. All units are to be used and occupied for residential purposes only.

Units numbered 1, 5, 8, 10, 14, 23 and 25 are all "Type 1" units. Each contains nine rooms, including living room, kitchen-dining room, and half-bath on the ground floor and three bedrooms, two full bathrooms, and a walk-in master closet upstairs. Each unit also includes a one-car garage which is attached to (and therefore shares one wall with) one adjoining unit.

Units numbered 11, 18, and 26 are also "Type 1" units and are identical to all other "Type 1" units except that Units 11, 18 and 26 are each free-standing and not attached to any other unit, and therefore contain no shared wall.

Every "Type 1" unit contains a total of 1,172 square feet of enclosed net living area, (computed from the interior surface of perimeter walls) 312 square feet of enclosed garage area, and two porches containing a combined total of 162 square feet.

Every "Type 1" unit has a similar floor plan. However, units 1, 5, 11, 14, 18 and 25 are configured with the garage on the left side of the dwelling (as depicted on the Condominium File Plan), while units 8, 10, 23 and 26 are configured with the garage on the right side of the dwelling (i.e. - are a reverse or mirror image from that depicted on the Condominium File Plan).

Units numbered 3, 7, 9, 12, 13, and 20 are all "Type 2" units. Each contains nine rooms, including living room, kitchen-dining room, half-bath and laundry room on the ground floor and three bedrooms, two full bathrooms, and a walk-in master closet upstairs. Each also

includes a one-car garage which is attached to (and therefore shares one wall with) one adjoining unit.

Units numbered 16, 17, and 19 are also "Type 2" units and are identical to all other "Type 2" units except that Units 16, 17 and 19 are each free-standing and not attached to any other unit, and therefore contain no shared wall.

Every "Type 2" unit contains a total of 1,269 square feet of enclosed net living area, (computed from the interior surface of perimeter walls), 300 square feet of enclosed garage area, and two porches containing a combined total of 415 square feet.

Every "Type 2" unit has a similar floor plan. However, units 3, 7, 9, 12, 16, 19 and 20 are configured with the garage on the left side of the dwelling (as depicted on the Condominium File Plan), while units 13 and 17 are configured with the garage on the right side of the dwelling (i.e. - are a reverse or mirror image from that depicted on the Condominium File Plan).

Units numbered 2, 4, 6, 15, 21, 22 and 24 are all "Type 3" units. Each contains nine rooms, including living room, kitchen-dining room, half-bath, master bedroom, walk-in closet and master bathroom on the ground floor and two bedrooms and one bathroom upstairs. Each also includes a one-car garage which is attached to (and therefore shares one wall with) one adjoining unit.

Every "Type 3" unit contains a total of 1,314 square feet of enclosed net living area, 288 square feet of enclosed garage area, and two porches containing a combined total of 209 square feet.

Every "Type 3" unit has a similar floor plan. However, units 2, 4, 6, 15, 21 and 24 are configured with the garage on the right side of the dwelling (as depicted on the Condominium File Plan), while unit 22 is configured with the garage on the left side of the dwelling (i.e. - a reverse or mirror image from that depicted on the Condominium File Plan).

Each unit will consist of the space measured horizontally by the distances between the finished exterior surfaces of its perimeter walls, windows and doors; and measured vertically by the distances between the finished exterior surface of its foundation and floor supports and the finished exterior surface of its roof, provided that in the case of those units which share a common garage wall with an adjoining unit, each such unit shall include the space extending to the mid-point of that shared wall, extending from the exterior surface of the concrete floor slab beneath that wall to the exterior surface of the roof above that wall.

Any pipes, wires, conduits or other utility lines running through a unit, which are utilized or serve more than one unit, are deemed common elements as hereinafter provided. Each unit shall also be deemed to include all the walls and partitions within its perimeter boundaries.

## EXHIBIT "B"

### Common Elements

The common elements of the project will include the following:

- (a) The Land in fee simple;
- (b) All roads, driveways, walkways, easements, accessways, pavement and all exterior parking spaces;
- (c) Any pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television or other signal distribution, if any;
- (d) 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; and
- (e) Any and all tangible personal property, vehicles, accounts, general intangibles, instruments and money held by or belonging to, and any apartment acquired and held by, the Association of Apartment Owners, or its agents, for the administration, maintenance, safety and operation of the common elements of the Condominium Property Regime, or for the common use and benefit of the apartment owners.

The developer will also establish a mail receptacle ("mail box") for each apartment according to the following provision of the Declaration:

" 25. MAIL RECEPTACLES. A separate receptacle for delivery of mail ("mail box") shall be established within the project for each apartment prior to the delivery of a deed for any apartment from Declarant to the purchaser thereof. Declarant reserves the right to establish each such mail box as a limited common element, with each such box appurtenant to a specific apartment or to establish all such boxes, as a group, as (general) common element, and to locate the same on an individual basis adjacent to each apartment or at a convenient common location adjacent to Liholani Road, as may be required by the United States Postal Service. In either event, the design, maintenance and use of such mail boxes may be further determined under the ByLaws or House Rules hereafter promulgated thereunder."

## **EXHIBIT "C"**

### **ENCUMBRANCES AGAINST TITLE**

A preliminary title report, prepared by Title Guaranty of Hawaii, Inc. as of March 4, 1998, indicates that the following encumbrances presently exist against the title of the land which constitutes the Liholani Golf Estates project.

1. Current real property taxes payable to the County of Maui.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Declaration of Restrictive Covenants (applicable to this and many other neighboring properties in the Pukalani area) dated August 12, 1975 and recorded in the Bureau of Conveyances of the State of Hawaii at Book 10846, page 127, and an Amendment to the Declaration dated August 25, 1975 and recorded in Book 10862 at Page 574.
4. Subdivision Agreement under Maui County Code Section 18.040.030(5), dated August 28, 1996, recorded as Document 96-125030, between Sports Shinko (Pukalani) Company Ltd. and the County of Maui, Department of Public Works and Waste Management.
5. Mortgage, Security Agreement and Financing Statement in the amount of \$487,500.00 made by predecessors to Liholani Associates LLC in favor of First Hawaiian Creditcorp, Inc. dated November 20, 1997 and recorded as Document No. 97-164800.

**NOTE:** Item 5 above (Mortgage), as well as any other mortgage obtained by the developer in connection with construction of the project, will be released (as to any unit conveyed) prior to the conveyance of any unit by the developer to a purchaser, as required under the terms of the Escrow Agreement.

EXHIBIT D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
Each of the 26 apartments	\$165.00/mo.          \$1,980.00/yr.

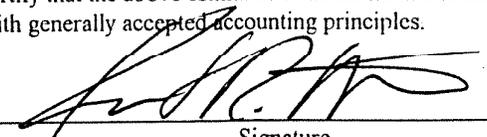
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their

**Estimate of Maintenance Fee Disbursements:**

Monthly x 12 months = Yearly Total

	<u>MONTHLY</u>	<u>YEARLY</u>
<b>Utilities and Services</b>		
Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	\$ 104.00	\$ 1,248.00
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer	\$ 858.00	\$10,296.00
<b>Maintenance, Repairs and Supplies</b>		
Building		
Grounds	\$1,508.00	\$18,096.00
<b>Management</b>		
Management Fee	\$ 520.00	\$ 6,240.00
Payroll and Payroll Taxes		
Office Expenses		
Insurance	\$1,170.00	\$14,040.00
Reserves(*) (Roadway repaving)	\$ 130.00	\$ 1,500.00
<b>Taxes and Government Assessments</b>		
<b>Audit Fees</b>		
<b>Other</b>		
<b>TOTAL</b>	<b>\$4,290.00</b>	<b>\$51,480.00</b>
	(\$165.00/unit)	

I, KENT R. SMITH, as agent for/and/or employed by LIHOLANI ASSOCIATES, LLC, the condominium ~~managing agent~~ developer for the LIHOLANI GOLF ESTATES 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.

  
 \_\_\_\_\_  
 Signature

3/25/98  
 \_\_\_\_\_  
 Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

## LIHOLANI GOLF ESTATES

### RESERVE ANALYSIS

Liholani Golf Estates consists of a total of 26 single-family dwelling units, contained in 16 two-story, wood-frame buildings.

Common elements of the project consist solely of the land, landscaped areas, roadway and driveway areas, and various utility lines which serve the project and units within it.

The project will be landscaped with grass and plantings in conformance with Maui County building requirements for residential subdivisions.

Future maintenance of the landscaping and plantings will be paid out of the project's monthly maintenance fees.

Responsibility for maintenance and repair of individual units--including exterior and structural maintenance and repair -- rests upon individual unit owners, not the association of apartment owners.

Common element water, sewer and electrical utility lines will all be newly installed below ground, according to current County of Maui design and construction standards. Reserves for replacement of these items are not believed to be necessary at this time.

Periodic maintenance and repair of paved roadway and/or driveway areas, if and when required, is expected to be paid out of the project's monthly maintenance fees.

Replacement (repaving) of the paved roadway and/or driveway areas is not expected to be necessary for at least ten years.

The sum of \$130.00 per month (\$1,500.00 per year) has been included in the estimated monthly maintenance fees budget for development of a reserve fund for the project.

## EXHIBIT "E"

### LIHOLANI GOLF ESTATES Summary of Fee Simple Residential Condominium Sales Contract

Each unit in Liholani Golf Estates will be sold by the developer, Liholani Associates LLC, a Hawaii limited liability company, to the respective purchaser pursuant to the terms of a Fee Simple Residential Condominium Sales Contract.

The Contract provides for the sale of an individual apartment unit, in fee simple, together with an appurtenant percentage of the common elements of the project, including the land, as more specifically described in the Condominium Declaration.

The Contract specifies the terms under which the purchase price shall be paid, including an initial deposit to be paid at the time of signing, an additional deposit to be paid within a specified number of days after the seller's acceptance of the Contract, and final payment to the paid at closing.

The Contract also provides an estimate of the project maintenance fee, start up fee and closing costs that will also be required of the purchaser at closing.

Each of the standard terms and conditions of the Contract is summarized briefly below. Complete terms and provisions are contained in the Contract itself, and in the event of any question of interpretation, or conflict between the terms of the Contract and of this summary, the terms of the Contract shall apply. Therefore, a prospective purchaser is urged to read the entire Contract, carefully and in detail, and to consult with his or her own advisors if any questions exist, before signing the Contract.

#### Section Summaries

1. PROJECT INFORMATION. Names the Seller and the location of the project, which contains a total of 26 residential units.

2. DESCRIPTION OF PROPERTY AND INTEREST CONVEYED. Indicates that each apartment or unit is as described in the Condominium Declaration and on the Condominium Map and consists of the area within the interior of the described perimeter boundaries.

3. BUYER'S FINANCIAL CAPABILITIES. Includes a representation by Buyer that Buyer has the financial capability, in cash or cash and funds to be obtained by loan, to make all payments required of Buyer under the Contract. If Buyer is to pay any portion of the purchase by mortgage financing, this section imposes specific requirements as to method and time of application related thereto.

4. **ESCROW AGREEMENT, INTEREST.** This paragraph summarizes the Escrow Agreement, pursuant to which a Buyer's funds shall be held in escrow pending closing of the transaction and any interest earned with respect to that Buyer's deposit shall be credited to Buyer. A summary of the Escrow Agreement and complete copy of that agreement is attached to this Public Report.

5. **UNCLAIMED REFUNDS.** Provides that any amounts refundable to Buyer which are not claimed within 60 days of transmittal of notice thereof from escrow to Buyer may be deposited with such depository as selected by escrow.

6. **CONDOMINIUM DEED; CLOSING.** Provides that Seller shall provide to Buyer, at closing, a Residential Condominium Unit Deed, and sets forth the timing and procedures for pre-closing and actual closing of the transaction.

7. **OTHER CLOSING COSTS.** Describes other additional expenses that will be incurred and payable by Buyer at closing, including real property tax, maintenance fees, insurance, etc.

8. **ACCEPTANCE OF CONDOMINIUM DOCUMENTS.** Acknowledges that Buyer has received, reviewed, approved and accepts all condominium documents, including but not limited to the Declaration, Bylaws, Escrow Agreement, and form of Residential Condominium Unit Deed.

9. **CONDOMINIUM MAP.** Refers to the Condominium Map, and states that the Buyer agrees that the Condominium Map, floor plans and elevations are not intended to constitute any representation or warranty by Seller.

10. **RISK OF LOSS; CONDEMNATION.** Provides that risk of loss rests with Seller until the closing date and thereafter with Buyer, and provides that no taking by eminent domain of any easement or limited right or portion of the common element, which does not substantially interfere with or diminish the practical enjoyment or use by Buyer of the common elements as originally planned, shall be deemed grounds for cancellation of the Contract.

11. **ESTIMATED MONTHLY MAINTENANCE COSTS.** Confirms that Buyer has examined and approved the schedule of estimated monthly maintenance charges and acknowledges that these are estimates only.

12. **AUTHORITY OF SELLER.** Provides that Buyer authorizes Seller to exercise all powers of the Association and Board and officers of the Association, including voting, until the first annual meeting of the Association.

13. **MANAGING AGENT.** Specifies that if a managing agent is retained to manage the project, the contract of that managing agent shall have a term not exceeding one year from the date of the first organizational meeting of the Association and shall contain provisions that it may be terminated on not more than 60 days notice.

14. **NO PRESENT TRANSFER.** Provides the Sales Contract does not constitute a present transfer of any interest in the property.

15. **CHANGES IN PROJECT.** Provides that the Seller reserves the right to make changes in the condominium documents as and to the extent required by law, any title and company or institutional mortgagee or other indicated purposes as Seller deems necessary, provided that such changes do not materially change Buyer's rights under the Contract or the apartment to be purchased thereunder. This section also provides that the Seller retains the right to grant easements over portions of the land, and/or to dedicate portions of the land for road-widening purposes, and in connection therewith Seller is granted a power of attorney to sign on Buyer's behalf.

16. **CHANGES IN CIRCUMSTANCES.** Provides that if, due to changes in indicated circumstances, the Seller determines it is not possible or practical to proceed with the sale, Seller may cancel the Contract without further obligation to Buyer.

17. **SALES BASED ON PRELIMINARY REPORT.** Provides that any sales, contract entered into prior to the issuance of a final public report shall constitute a reservation agreement only.

18. **DEFAULT.** Provides the Seller with various remedies in the event of default by Buyer.

19. **NO ASSIGNMENT OR TRANSFER OF SALES CONTRACT.** Provides that the Buyer may not assign or transfer the Contract or any rights thereunder.

20. **NO RENTAL REPRESENTATION.** Provides that the Seller makes no representations as to the ability to rent the subject apartment.

21. **DISCLAIMER.** Contains a disclaimer by Seller as to any representation or other statements pertaining to development of the Project or improvements not consistent with those described in the Declaration and Condominium Map.

22. **DEFINITIONS.** Provides definitions of the terms Seller and Buyer.

23. **NOTICES.** Provides that any notice delivered personally or deposited in the United States mail, postage pre-paid, addressed to the other party shall be deemed delivered 48 hours after deposit.

24. **GENERAL PROVISIONS.** Provides that time shall be of the essence, that Hawaii law should be used in interpreting and governing the Contract, and that if any provision of the Contract is declared ineffective, the remaining portions of the Contract shall remain in full force and effect.

25. **ENTIRE AGREEMENT.** Provides that the Contract contains the entire agreement between Seller and Buyer and supersedes any and all prior negotiations, representations, etc.

26. **SELLER'S APPROVAL.** Provides that the Contract shall not be binding upon Seller until ratified and accepted in writing by Seller.

27. **CONTINUATION OF OBLIGATIONS.** Provides that, except to the extent fulfilled at or prior to closing, all provisions of the Contract shall survive the execution and filing of the Residential Condominium Deed.

**NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE SALES CONTRACT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE CONTRACT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF, OR AN AMENDMENT OR MODIFICATION OF, THE SUBJECT CONTRACT. THE TERMS OF THE ACTUAL CONTRACT BETWEEN SELLER AND BUYER (AND ONLY THOSE TERMS) SHALL APPLY.**

**EXHIBIT "F"**

LIHOLANI GOLF ESTATES  
Summary of  
Escrow Agreement Dated February 3, 1998

Escrow Agreement between Title Guaranty Escrow Services Inc., a Hawaii corporation as "Escrow" and Liholani Associates LLC, a Hawaii limited liability company, as "Developer."

The Escrow Agreement provides the terms under which a Fee Simple Residential Condominium Sales Contract between Liholani Associates LLC as Seller and any prospective purchaser as Buyer will be deposited with and held and administered by Escrow, and also provides for the deposit of funds by Buyer and the retention and distribution of the same by Escrow.

Each of the standard terms and conditions of the Escrow Contract is summarized briefly below. Complete terms and provisions are contained in the Contract itself, and in the event of any question of interpretation, or conflict between the terms of the Contract and of this summary, the terms of the Contract shall apply. Therefore, a prospective purchaser is urged to read the entire Contract, carefully and in detail, and to consult with his or her own advisors if any questions exist, before signing the Contract.

**Section Summaries.**

1. SALES CONTRACTS DEPOSITED IN ESCROW. Provides that when the Seller/Developer obtains a sales contract from the Buyer, and the same has been accepted and ratified by Seller, it shall be promptly deposited with Escrow.
2. RECEIPT OF FUNDS BY ESCROW. Provides that all funds received from any Buyer shall be promptly deposited with Escrow.
3. CONDITIONS TO BE MET PRIOR TO DISBURSEMENT. Provides the conditions which must be satisfied prior to the release of any funds from Escrow to the Seller/Developer.
4. DISBURSEMENTS OF PURCHASER'S FUNDS. Provides that no Purchaser's funds shall be disbursed by Escrow to Developer prior to the closing of that Purchaser's unit purchase transaction.
5. RETURN OF FUNDS AND DOCUMENTS. States the terms under which Purchaser funds, and documents signed by either party, are to be returned to the respective party, either by reason of the cancellation of the Escrow or exercise by a Purchaser of his rights to rescind as set forth in the Contract and applicable Hawaii law. This section provides for imposition by Escrow of a cancellation fee of not less than \$25.00 per unit.

6. **UNCLAIMED FUNDS.** Provides that if any funds to which a party is entitled are not claimed with 60 days of delivery of notice thereof by Escrow, Escrow may deposit the same with a depository of its choosing.
7. **CLOSING.** Sets forth the conditions for and procedure for closing.
8. **PARTIAL CLOSING.** Provides that the Developer may close the sale of some units without closing the sale of all units.
9. **DEFECTS IN DOCUMENTS.** Provides that if, by reason of any defect in the document, closing cannot occur on the date intended, Escrow is authorized to proceed with closing at any day within five business days following the originally identified closing date without need for further authorization from any party.
10. **PURCHASER'S DEFAULT.** Provides for the disposition of funds and cancellation of Escrow in the event of any of various defaults by Purchaser under the Sales Contract.
11. **PROTECTION OF ESCROW.** Provides for the release and indemnification of Escrow from liability for any act taken by Escrow in accordance with the terms of the Contract.
12. **BINDING EFFECT.** Provides that the Agreement will be binding upon the parties, their respective successors and assigns.
13. **TERMINATION.** Provides that the Agreement may be terminated upon 15 days notice by either party to the other, provided that in the event of termination, transactions in process thereunder at that time shall be completed under the terms of the agreement.
14. **STATUTORY PROVISIONS CONTROL.** Provides that anything in the Contract notwithstanding, the provisions of Chapter 514A of the Hawaii Revised Statutes (Condominium Property Act), if in conflict with the Escrow Agreement, shall control.
15. **COMPENSATION OF ESCROW.** Provides for the payment to Escrow of fees for its services.

**NOTE:** THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE ESCROW AGREEMENT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE ESCROW AGREEMENT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF OR AN AMENDMENT OR MODIFICATION OF THE AGREEMENT. THE TERMS OF THE ACTUAL AGREEMENT BETWEEN ESCROW AND THE SELLER/DEVELOPER (AND ONLY THOSE TERMS) SHALL APPLY.