

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer KAPALUA COCONUT GROVE LLC
Address 1000 Kapalua Drive, Kapalua, Hawaii 96761
Project Name(*): THE COCONUT GROVE ON KAPALUA BAY
Address: Lower Honoapiilani Road, Kapalua, Hawaii

Registration No. 4174

Effective date: March 7, 2000

Expiration date: April 7, 2001

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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(* Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit H. 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. The Developer has submitted to the Real Estate Commission the following:
 - a. Copies of the building permits for each building in the Project.
 - b. A copy of the construction loan agreement.
 - c. A copy of the executed construction contract.
 - d. A copy of the performance bond.
2. The general contractor for the Project will be Hawaiian Dredging Construction Company, 614 Kapahulu Avenue, Honolulu, Hawaii 96815, Phone (808) 735-3211.
3. The Developer obtained a construction loan from Bank of Hawaii for the construction of the Project. In connection therewith, that certain Mortgage, Security Agreement and Financing Statement dated December 6, 1999, was recorded against the Project in the Bureau of Conveyances of the State of Hawaii as Document No. 99-195405 (the "Mortgage"), and that certain Assignment of Sales Contracts and Sales Proceeds dated December 3, 1999, was recorded in said Bureau of Conveyances as Document No. 99-195046 (the "Assignment of Sales Contracts").
4. The Developer obtained an updated title report dated January 26, 2000, issued by Title Guaranty of Hawaii, Incorporated. Pursuant to the updated title report, Exhibit G of the Final Public Report notes the following encumbrances against title:
 - a. Existing easements and matters as shown on the survey map prepared by Reed M. Ariyoshi, Registered Professional Land Surveyor, with Warren S. Unemori – Engineering, Inc. dated October 21, 1999.
 - b. The Mortgage.
 - c. The Assignment of Sales Contracts.

SPECIAL ATTENTION

The Developer's Contingent Final Public Report discloses the following changes to the Preliminary Public Report:

1. Final subdivision approval was obtained to consolidate and re-subdivide the land. The land area of the Project is approximately 11.13 acres. As a result of the consolidation and re-subdivision, the encumbrances affecting the land have changed. Exhibit G of this Report contains the current encumbrances against title. The Developer reserves the right to remove from the title to the land any and all encumbrances that the Developer deems to be necessary or appropriate, including, without limitation, that certain Private Water System Agreement dated November 20, 1987, by and among Maui Land & Pineapple Company, Inc., a Hawaii corporation, The KBH Company, a California limited partnership, and the County of Maui and its Department of Water Supply, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 21596 at Page 691, as now or hereafter amended.
2. The Project architect has recomputed the approximate net living floor areas, the approximate net lanai floor areas and the approximate net garage floor areas of the apartments of the Project. As a result of the recomputation in the approximate net

living floor areas, the common interests for the apartments in the Project have been recomputed, and the estimated maintenance fees for each apartment have been recomputed.

3. The Declaration of Condominium Property Regime, the By-Laws of the Association of Apartment Owners, and the Condominium Map have been recorded in the Bureau of Conveyances of the State of Hawaii. Prior to filing, the By-Laws and the Condominium Map were revised since the issuance of the Preliminary Public Report, and the Declaration of Condominium Property Regime was revised since the issuance of the Supplementary Public Report.

4. The Rules and Regulations have been adopted. The Rules and Regulations were revised since the issuance of the Preliminary Public Report.

5. The forms of the Deposit Receipt, Reservation and Sales Agreement (the "Sales Agreement") and the Apartment Deed were revised since the issuance of the Preliminary Public Report. The Sales Agreement was revised to include, without limitation, the following:

a. Presale Requirement. Notwithstanding anything in the Sales Agreement that may be to the contrary, Seller's obligation to construct and convey the Property to buyer is conditioned upon and made expressly subject to Seller's ability to satisfy the requirement of the Construction Lender (as defined in the Sales Agreement) that Seller enter into binding sales contracts with qualified buyers for the purchase of apartments in the Project having an aggregate sales price of not less than \$44,000,000.00 within six (6) months of the effective date of the Contingent Final Public Report for the Project ("Presale Requirement"). If the Presale Requirement is satisfied or waived by the Construction Lender, in its sole discretion, within such period (or such longer period as may be agreed to by Seller and the Construction Lender, in their sole discretion), then Seller shall give written notice of same to buyer, and the terms of this Section shall thereupon terminate and be of no further force and affect. If the Presale Requirement is not satisfied or waived within such time period (as same may be extended by Seller and Construction Lender in their sole discretion), then Seller or buyer may unilaterally cancel the Sales Agreement at any time thereafter by giving written notice to the other party, and upon such cancellation by either party, Seller shall direct Escrow to refund to buyer all deposits paid hereunder by buyer with accrued interest. In the event of any termination of the Sales Agreement pursuant to this Section, buyer will pay, and Seller will not be responsible for, the payment to buyer's Mortgage Lender's, if any, reasonable processing costs or cancellation fees and any similar fees or costs incurred by or charged to buyer as a result of such event. Seller shall be responsible for any Escrow fees incurred as a result of such event.

6. That certain Declaration dated December 29, 1976, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 11922 at Page 26, as supplemented, amended and restated from time to time (the "Kapalua Covenants"), was further amended in certain respects by that certain Third Amendment to Amended and Restated Declaration of Covenants and Restrictions dated October 4, 1999, recorded as Document No. 99-160407 (the "Third Amendment"). A copy of the Third Amendment has been provided to the Commission.

7. The Project is subject to that certain Declaration of Covenants, Conditions and Restrictions dated October 22, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19021 at Page 339, as supplemented, amended and restated from time to time (the "Site 29 Covenants"). The Site 29 Covenants provide certain restrictions on the use of the Project.

8. The members of the Developer are Maui Land & Pineapple Company, Inc. and YCP Site 29 Inc.

9. The Developer has added three (3) additional guest parking stalls to the Project, and accordingly, the Project will contain thirty-six (36) uncovered assigned parking stalls and eight (8) uncovered guest parking stalls.

10. The parking assignments of the assigned parking stalls in the Project have changed. The revised parking assignments are set forth in Exhibit F of this Report.

11. The Developer estimates that construction of the Project will be completed in April 2001 rather than February 2001.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THIS REPORT, THE DECLARATION OF CONDOMINIUM PROPERTY REGIME, THE BY-LAWS, THE RULES AND REGULATIONS, THE DEPOSIT RECEIPT, RESERVATION AND SALES AGREEMENT, THE SPECIMEN APARTMENT DEED AND THE OTHER CONDOMINIUM DOCUMENTS IN FULL AS THIS SUMMARY OF CHANGES IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL OF THE CHANGES THAT WERE MADE SINCE THE ISSUANCE OF THE EFFECTIVE DATES OF THE PRELIMINARY PUBLIC REPORT AND THE SUPPLEMENTARY PUBLIC REPORT.

SPECIAL ATTENTION

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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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: Kapalua Coconut Grove LLC Phone: (808) 669-5622
Name* (Business)
1000 Kapalua Drive
Business Address
Kapalua, Hawaii 96761

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Maui Land & Pineapple Company, Inc. – Member
YCP Site 29 Inc. – Member

Real Estate Brokers:* Kapalua Realty Company, Ltd. Phone: (808) 669-0210
Name (Business)
129 Bay Drive
Business Address
Kapalua, Hawaii 96761

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 661-8715
Name (Business)
505 Front Street, Suite 201
Business Address
Lahaina, Hawaii 96761

General Contractor:* Hawaiian Dredging Construction Company Phone: (808) 735-3211
Name (Business)
614 Kapahulu Avenue
Business Address
Honolulu, Hawaii 96815

Condominium Managing Agent:* Management Consultants of Hawaii, Inc. Phone: (808) 661-8795
Name (Business)
P. O. Box 10039
Business Address
Lahaina, Hawaii 96761

Attorney for Developer: Goodsill Anderson Quinn & Stifel Phone: (808) 547-5600
(Gail O. Ayabe) Name (Business)
1099 Alakea Street, 18th Floor
Business Address
Honolulu, Hawaii 96813

* For Entities – Name of corporation, partnership, Limited Liability Partnership (LLP), Limited Liability Company (LLC)

**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. 99-152615
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. 2973
 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. 99-152616
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>	**The Developer's written consent also is required to amend any provision that gives the Developer any right or authority
Declaration (and Condo Map)	75%*	75%**	
Bylaws	65%	65%	
House Rules	--	Majority of the Board of Directors	

* 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:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency; (c) to file the "as built" verified statement required by Section 514A-12, HRS; (d) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 3 of Section R of the Declaration; (e) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 4 of Section R of the Declaration; (f) to change the designation of parking stalls which are appurtenant to apartments owned by the Developer.

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: Lower Honoapiilani Road Tax Map Key (TMK): 4-2-004-026(2)
Kapalua, Hawaii

Address TMK is expected to change because the land was subdivided recently.

Land Area: 11.13 [] square feet acre(s) Zoning: A-1

Fee Owner: Kapalua Coconut Grove LLC
 Name
1000 Kapalua Drive
 Address
Kapalua, Hawaii 96761

Lessor: _____
 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 _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other steel, stucco, gypsum board, glass and other allied construction materials.

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>36</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: No animals allowed.

Number of Occupants: _____

Other: Permanent or temporary residential or lodging purposes.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 per building Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>SEE Exhibit A</u>	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 36

***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

7. Parking Stalls:

Total Parking Stalls: 80

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Other</u>	<u>Covered</u>	<u>Other</u>	<u>Covered</u>	<u>Other</u>	
Assigned (for each unit)	<u>36*</u>	<u>36</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>72</u>
Guest	<u> </u>	<u>8**</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>8</u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Total Covered & Open:	<u>80</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>80</u>

*Each apartment shall include a one-car garage.

**Parking stall 41 designated as handicap.

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 F 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 and spa Storage Area Recreation Building

Laundry Area Tennis Court Trash Enclosure(s)

Other: Maintenance Building

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 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:

described in Exhibit E/F.

as follows:

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

described in Exhibit F.

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 G describes the encumbrances against the title contained in the title report dated January 26, 2000,

and issued by Title Guaranty of Hawaii, Incorporated.

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, Security Agreement and Financing Statement dated December 6, 1999, recorded as Document No. 99-195046, made in favor of Bank of Hawaii, to secure a \$33,000,000 loan.	Buyer's interest is specifically made subject and subordinate to such lien. The construction lender will have the option of completing the Project, but is not required to do so.

NOTE: The Developer has notified the Commission that at the time of the first conveyance of each apartment, each of the Developer's lender(s)' lien(s) will be paid and satisfied of record, or the apartment being conveyed and its common interests 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:

SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

2. Appliances:

SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

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

It is estimated that construction of the Project, which commenced in July, 1999, will be completed by April 2001.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

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

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be 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.

(Disclosure Abstract)

Exhibit H/ 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 (Common Elements only _____ Common Elements & Apartments)
 Gas (Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other Telephone & Communication (common elements only)

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit I contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 7, 1999
Exhibit J contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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 Kapalua Covenants; Kapalua Resort Association assessments; Site 29 Covenants

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 (DCCA). Supporting documents for this registration are on file with the DCCA for a period of ten years and one day from the effective date of the last public report. After that time, the DCCA will destroy the supporting documents except for the last public report. 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. 4174 filed with the Real Estate Commission on May 7, 1999.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. KAPALUA COVENANTS. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration dated December 29, 1976, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 11922 at Page 26, as supplemented, amended and restated from time to time (the "Kapalua Covenants"). The Kapalua Covenants provide, among other things, that: (a) each apartment owner, by virtue of being such an owner, shall be a member of the Kapalua Resort Association and shall pay assessments to the Kapalua Resort Association, as set forth in the Kapalua Covenants; (b) approval be obtained prior to making certain alterations to apartments and/or common elements (including limited common elements) within the Project; and (c) with certain exceptions, signs may not be erected or maintained within the Project.

2. SITE 29 COVENANTS. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Covenants, Conditions and Restrictions dated October 22, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 19021 at Page 339, as supplemented, amended and restated from time to time (herein called the "Site 29 Covenants"). The Site 29 Covenants provide certain restrictions on the use of the Project.

3. REPAIR AND MAINTENANCE OF APARTMENTS AND COMMON ELEMENTS. The By-Laws provide that every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all doors, sliding glass doors (if any), windows, window fixtures, and all internal installations within the apartment such as water, electricity, gas (if any), telephone, sanitation, lights, and all other fixtures and accessories belonging to such apartment, if any, and the interior decorated or finished surfaces of all walls, partitions, floors, ceilings and roofs of such apartment, if any, with all necessary repairs and amendments whatsoever in good order and condition, except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent.

In addition, each apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep the lanai, if any, located within the lanai expansion area, if any, appurtenant to and reserved for the exclusive use of such owner's apartment, the courtyard area, if any, appurtenant to and reserved for the exclusive use of such owner's apartment, and the grotto area, if any, appurtenant to and reserved for the

exclusive use of such owner's apartment, in good order and condition, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work, and in case of such owner's failure after reasonable notice to keep the lanai, if any, the courtyard area, if any, and/or the grotto area, if any, as aforesaid, the Association (through the Board of Directors or the Managing Agent) shall have the right (but not the obligation) to perform any such work and the cost thereof shall be charged to such apartment owner as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

Except as hereinabove expressly provided to the contrary, all maintenance, repairs and replacements to the common elements, whether located inside or outside of the apartments, shall be made by the Board and be charged to all the owners as a common expense or a limited common expense; provided, however, that any such maintenance, repair or replacement necessitated by the negligence, misuse or neglect of an apartment owner or occupant or any person under either of them, shall be charged to such apartment owner or the apartment owner of the apartment of such occupant, as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

4. LANDSCAPING OF COURTYARD AREA. Each owner shall landscape the courtyard area assigned to his apartment, if any, within one hundred twenty (120) days after the closing of the purchase of the apartment (unless the courtyard area has already been completely landscaped). Before commencing any courtyard area landscaping, each owner shall submit to the Board a landscape plan (which shall include, without limitation, a proposed plant list) for the Board's review and written approval, which approval shall not be unreasonably withheld or delayed.

5. RENTAL OR LEASE OF APARTMENT. Buyer understands and acknowledges that the Declaration provides that all apartments shall be improved and used solely for permanent or temporary residential or lodging purposes, including, without limitation, vacation rental purposes; provided, however, that no apartment shall be used for time sharing purposes. Buyer also understands and acknowledges that the Declaration further provides that subject to applicable law, any owner may rent or lease all of his apartment by means of a written lease or rental agreement subject to the Declaration and the By-Laws. Buyer also understands and acknowledges that the By-Laws provide that no apartment owner may lease or rent his apartment more than one (1) time per month and that any lease or rental of an apartment shall not be for a period of less than seven (7) days. Buyer further understands and acknowledges that notwithstanding the permitted uses contained within the Declaration and the By-Laws, the Maui County Code currently prohibits rentals for periods of less than six (6) months.

6. SPECIAL MANAGEMENT AREA USE PERMIT. On December 3, 1998, the Maui Planning Commission approved the Developer's request for a Special Management Area Use Permit, covering the land that is part of the Project. The Maui Planning Commission's approval was subject to certain conditions, including, without limitation, the following:

(a) That if the existing shoreline walkway is threatened by erosion, appropriate mitigative measures, such as, beach nourishment or realignment of the walkway further inland, shall be coordinated with the Maui Planning Department.

(b) That any replanting of the shoreline should not encroach seaward of the existing vegetation line. The applicant shall utilize a mix of Pohuehue (Beach Morning Glory), Naupaka, and other native coastal species to help stabilize the backshore area.

(c) That the forty-five (45) foot minimum shoreline setback corridor shall be maintained in perpetuity by Kapalua as open space for passive recreational uses and for present and future Native Hawaiians for Native Hawaiian traditional and customary uses for gathering. In addition, the shoreline corridor shall be increased to the extent practical to maximize the public's use of the area.

7. MEGAN'S LAW. The 1997 Hawaii Legislature passed the state's version of "Megan's Law", which requires sex offenders to register their address with the attorney general's office. Sex offenders are defined to include: any person convicted of a "sexually violent offense" or a "criminal offense against a victim who is a minor" or charged with such offense but was found "unfit" or acquitted due to physical or medical disease, disorder or defect. This act applies to any acts committed prior to, on, or after July 1, 1997. The Developer understands that a copy of the relevant information is available for inspection at no cost at the Hawaii Criminal Justice Data Center, between 8:00 A.M. and 4:00 P.M. on weekdays excluding holidays, and at designated police stations in each county, between 8:00 A.M. and 4:30 P.M. on weekdays excluding holidays. Information is also available through an electronic data base which is accessible to users through an interactive computer-based system.

8. FLOOD ZONE. The Project, or portions thereof, are located within the boundaries of a special flood hazard area as officially designated on Flood Insurance Administration maps promulgated by the United States Department of Housing and Urban Development for the purposes of determining eligibility for emergency flood insurance programs.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT A

APARTMENT DESCRIPTION

<u>Apt. Type</u>	<u>Quantity</u>	<u>Bedroom/ Bath</u>	<u>Approx. Net Living Area in Sq. Ft.</u>	<u>Approx. Net Lanai Area in Sq. Ft.</u>	<u>Approx. Net Garage Area in Sq. Ft.</u>
1	6	3/3	2312	--	297
1R	3	3/3	2312	--	297
2	6	3/3.5	2280	--	264
2R	3	3/3.5	2280	--	264
3	6	3/3.5	2625	557	318
3R	3	3/3.5	2625	557	318
4	6	3/3.5	2638	541	279
4R	3	3/3.5	2638	541	279

Total Apartments: 36

*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.

Initial purchasers of Type 2, Type 2R, Type 3, Type 3R, Type 4 and Type 4R apartments have certain options to modify their floor plans in the manner described in this Declaration.

The approximate net living floor areas and the approximate net lanai floor areas, if any, for all of the apartments in the Project are based upon the basic floor plans (without the options) for these apartment types. The approximate net living floor area for each Type 3 and Type 3R apartment will decrease by approximately 27 square feet if these apartments are built according to the optional floor plan to add an elevator. The approximate net living floor area for each Type 4 and Type 4R apartment will decrease by approximately 25 square feet if these apartments are built according to the optional floor plan to add an elevator. The approximate net living floor area for

each Type 4 and Type 4R apartment will increase by approximately 155 square feet if these apartments are built according to the optional floor plan to add a study. The approximate net lanai floor area for each Type 4 and Type 4R apartment will increase by approximately 6 square feet if these apartments are built according to the optional floor plan to add a study.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls, floors and ceilings of the respective apartment as shown on the Condominium Map. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roofs and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls; the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all windows, window frames, louvers (if any), shutters, doors and door frames along the perimeter of the apartment; with respect to the Type 3, Type 3R, Type 4 and Type 4R apartments, the lanais as shown on the Condominium Map; the garage as shown on the Condominium Map; and all of the fixtures and appliances originally installed therein.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

Except as otherwise provided in the Declaration or in the By-Laws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments and the approval of the Kapalua Resort Association Design Review Committee, and in accordance with all of the requirements of Paragraph 6 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that if the owner of a second floor apartment desires to alter the windows or shutters within such owner's apartment, in addition to obtaining the approvals set forth in this section, such owner also must obtain the prior written approval of the owners of the apartments located on the first floor of the building in which such owner's apartment is located; PROVIDED, FURTHER, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association), and by the Kapalua Resort Association Design Review Committee, and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a

complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the filing by the Developer of the "as-built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design, building pad elevation or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Each Type 2 and Type 2R apartment in the Project will be offered to initial purchasers with an optional floor plan which changes the floor plan of the grand salon/kitchen to an alternate floor plan. The basic floor plan and the optional floor plan for each of these apartment types are shown on the Condominium Map. Each Type 3, Type 3R, Type 4 and Type 4R apartment in the Project will be offered to initial purchasers with an option to add an elevator in the location as shown on the Condominium Map. Each Type 4 and Type 4R apartment in the Project will be offered to initial purchasers with an optional floor plan which adds a study. The basic floor plan and the optional floor plan for each of these apartment types are shown on the Condominium Map. Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded and construction of all of the apartments in the Project has been completed by the Developer, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval,

consent or joinder of any apartment owner, to construct or modify each Type 2, Type 2R, Type 3, Type 3R, Type 4 and Type 4R apartment in accordance with the respective options and optional floor plans shown on the Condominium Map; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 4 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded and construction of all of the apartments in the Project has been completed by the Developer, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which consist of any one or more of the following: (a) extending a lanai or lanais and/or installing a retaining wall within one or more lanai expansion areas; and/or (b) installing improvements, without limitation, a whirlpool spa, a plunge pool, a pond, a fountain, other water features, and/or hardscaping within one or more courtyard areas; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 5 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, an apartment owner shall have the right to make alterations in the Project which consist of any one or more of the following: (a) extending a ground floor lanai or lanais and/or installing a dry-stacked Kapalua Blue Rock retaining wall within the lanai expansion area that is a limited common element appurtenant to such apartment owner's apartment; and/or (b) installing improvements, including, without limitation, a whirlpool spa, a plunge pool, a pond, a fountain, other water features, and/or hardscaping within the courtyard area that is a limited common element appurtenant to such apartment owner's apartment. The extension of the ground floor lanai or lanais and the installation of the retaining wall and/or improvements shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the institutional holders for such apartment (if the institutional holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the Board of Directors, by the Developer (so long as the Developer owns an apartment in the

Project), and by the Kapalua Resort Association Design Review Committee, and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered.

Notwithstanding any other provision in the Declaration to the contrary, the Association, with the affirmative vote or written consent of sixty-five percent (65%) of the apartment owners and their mortgagees, shall have the right to make alterations in the Project which consist of alterations and/or additions to the maintenance building, which alterations and/or additions may include, without limitation, the construction of a resident manager's apartment. The alterations and/or additions to the maintenance building shall require only the written approval thereof, including approval of the Association's plans therefor, by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the *Board of Directors*, and by the *Kapalua Resort Association Design Review Committee*, and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT D

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

- (a) The Land in fee simple;
- (b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, corridors, ramps, fences (if any), entrances, entryways and exits of all buildings of the Project;
- (c) All walkways, roadways, sidewalks, perimeter walls, retaining walls, fences (if any), gates, lanai expansion areas, courtyard areas, grotto areas, driveways, parking areas, loading zones, yards, grounds, landscaping, trash enclosures, green waste enclosures and mailboxes;
- (d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, transformer pads, air conditioning unit pads, electrical rooms, communications rooms, 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 (if any), sewer, water, telephone and television signal distribution (if any);
- (e) The forty-four (44) regular size, uncovered parking stalls [eight (8) of which are guest parking stalls], as shown on the Condominium Map;
- (f) The recreation center, consisting of the recreation building, swimming pool and spa, as shown on the Condominium Map;
- (g) The maintenance building, as shown on the Condominium Map;

(h) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;

(i) The limited common elements described in Section E attached hereto.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT E

LIMITED COMMON ELEMENTS

(a) Each of the parking stalls, other than the parking stalls designated on the Condominium Map as guest parking stalls, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(b) Each of the lanai expansion areas, together with the lanai, if any, located therein, within the Project, designated on the Condominium Map as Lanai Expansion Areas LE-1 to LE-18, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(c) Each of the courtyard areas within the Project, together with the improvements, if any, located therein, designated on the Condominium Map as Courtyard Areas C-1 to C-18, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(d) Each of the grotto areas within the Project, designated on the Condominium Map as Grotto Areas G-1 to G-9, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(e) Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(f) Any mailbox assigned to an apartment by the Developer or the Association of Apartment Owners of the Project shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT F

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

<u>Apt No.</u>	<u>Apt. Type</u>	<u>Bldg. No.</u>	<u>Parking Stall No.</u>	<u>Lanai Expansion No.</u>	<u>Courtyard Area No.</u>	<u>Grotto Area No.</u>	<u>Common Interest</u>
1	2R	A	1	LE-1	C-1	G-1	2.57061%
2	4R	A	2	--	--	--	2.97424%
3	1R	A	4	LE-2	C-2	--	2.60668%
4	3R	A	3	--	--	--	2.95958%
5	1	B	5	LE-3	C-3	--	2.60668%
6	3	B	6	--	--	--	2.95958%
7	2	B	7	LE-4	C-4	G-2	2.57061%
8	4	B	8	--	--	--	2.97424%
9	1	C	9	LE-5	C-5	--	2.60668%
10	3	C	10	--	--	--	2.95958%
11	2	C	11	LE-6	C-6	G-3	2.57061%
12	4	C	12	--	--	--	2.97424 %
13	1	D	13	LE-7	C-7	--	2.60668%
14	3	D	14	--	--	--	2.95958%
15	2	D	15	LE-8	C-8	G-4	2.57061%
16	4	D	16	--	--	--	2.97424%
17	2R	E	17	LE-9	C-9	G-5	2.57061%
18	4R	E	18	--	--	--	2.97424%
19	1R	E	19	LE-10	C-10	--	2.60668%
20	3R	E	20	--	--	--	2.95958%
21	1	F	21	LE-11	C-11	--	2.60668%
22	3	F	22	--	--	--	2.95958%
23	2	F	24	LE-12	C-12	G-6	2.57061%
24	4	F	23	--	--	--	2.97424%
25	1	G	25	LE-13	C-13	--	2.60668%
26	3	G	26	--	--	--	2.95958%
27	2	G	27	LE-14	C-14	G-7	2.57061%
28	4	G	28	--	--	--	2.97424%

<u>Apt No.</u>	<u>Apt. Type</u>	<u>Bldg. No.</u>	<u>Parking Stall No.</u>	<u>Lanai Expansion No.</u>	<u>Courtyard Area No.</u>	<u>Grotto Area No.</u>	<u>Common Interest</u>
29	1	H	29	LE-15	C-15	--	2.60668%
30	3	H	30	--	--	--	2.95958%
31	2	H	31	LE-16	C-16	G-8	2.57061%
32	4	H	32	--	--	--	2.97424%
33	2R	I	33	LE-17	C-17	G-9	2.57061%
34	4R	I	34	--	--	--	2.97424%
35	1R	I	35	LE-18	C-18	--	2.60668%
36	3R	I	36	--	--	--	2.95959%

NOTE: All parking stalls are regular size.

Parking stall nos. 37, 38, 39, 40, 41, 42, 43 and 44 are guest parking stalls.

Initial purchasers of Type 2, Type 2R, Type 3, Type 3R, Type 4 and Type 4R apartments have certain options to modify their floor plans in the manner described in this Declaration.

The common interests listed hereinabove were computed by dividing each apartments approximate net living floor area in square feet by the aggregate net living floor area in square feet for all apartments in the Project, based upon each apartment having been built according to the apartments basic plan (without the options). The common interests listed hereinabove for all apartments will remain the same regardless of whether the Type 2, Type 2R, Type 3, Type 3R, Type 4 and Type 4R apartments are built according to their basic plan or their optional floor plan.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the County of Maui.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. GRANT

TO : MAUI ELECTRIC COMPANY, LIMITED and
GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED

DATED : May 7, 1976
RECORDED : Liber 11443 Page 479
GRANTING : an easement for utility purposes

Said Grant was amended by instruments dated August 5, 1981, recorded in Liber 16030 at Page 319, and dated August 21, 1985, recorded in Liber 18998 at Page 100.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATED : December 29, 1976, but effective as of
December 29, 1976
RECORDED : Liber 11922 Page 26

Said Declaration was amended by instrument dated August 14, 1985, recorded in Liber 19005 at Page 629, and supplemented by instruments dated June 16, 1977, but effective June 22, 1977, recorded in Liber 12291 at Page 406, dated January 12, 1979, but

effective January 1, 1979, recorded in Liber 13502 at Page 442, dated June 21, 1979, recorded in Liber 13796 at Page 741, dated April 15, 1990, recorded as Document No. 90-049427, and dated May 23, 1991, recorded as Document No. 91-067724.

Said Declaration was amended and restated by instrument dated September 30, 1987, recorded in Liber 21185 at Page 173, and further amended by instruments dated December 6, 1989, recorded in Liber 24012 at Page 17, dated October 18, 1990, recorded as Document No. 90-164621, and dated October 4, 1999, recorded as Document No. 99-160407.

The foregoing includes, but is not limited to, matters relating to association liens which may be superior to certain mortgages and certain water or sewer assessments.

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : AGREEMENT

DATED : January 3, 1980

RECORDED : Liber 14491 Page 112

PARTIES : the COUNTY OF MAUI, DEPARTMENT OF
WATER SUPPLY and KAPALUA LAND
COMPANY, LTD.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATED : October 22, 1985

RECORDED : Liber 19021 Page 339

Said Declaration was amended by instrument dated September 5, 1996, recorded as Document No. 96-128049, and was amended and restated by instrument dated August 31, 1999, recorded in Document No. 99-150862.

7. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.
8. GRANT to KAPALUA WATER TREATMENT COMPANY, LTD., a Hawaii corporation, dated November 17, 1988, effective July 1, 1987, recorded in Liber 22586 at Page 751; granting an easement over the land utilized by the sewage disposal lines and pumps known as the "Kapalua Waste System".
9. GRANT to KAPALUA LAND COMPANY, LTD., a Hawaii corporation, dated November 17, 1988, effective July 1, 1987, recorded in Liber 22586 at Page 768; granting an easement over land utilized by Kapalua Water Tank and Filter Plant and water lines known as the "Kapalua Water System".
10. -AS TO LOT 1:-

(A) GRANT OF EASEMENT

TO : KAPALUA WASTE TREATMENT
COMPANY, LTD., a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 554

GRANTING : granting a nonexclusive easement for
sewer purposes over, across, and under
portions of EASEMENT "S-6" (15.00
feet wide) and EASEMENT "S-9"
(15 feet wide)

(B) Designation of the following easement(s) as shown on said File Plan No. 2250:

- (1) EASEMENT "C", (area 4,156 square feet) for access and utility purpose.
- (2) EASEMENT "J", (area 17,263 square feet) for sewerline purpose.

11. -AS TO LOT 2:-

(A) GRANT OF EASEMENT

TO : KAPALUA WASTE TREATMENT
COMPANY, LTD., a Hawaii corporation

DATED : October 10, 1985
RECORDED : Liber 19011 Page 554
GRANTING : granting a nonexclusive easement for
sewer purposes over, across, and under a
portion of EASEMENT "S-6" (15.00 feet
wide)

(B) GRANT OF EASEMENT

TO : KAPALUA WATER COMPANY, LTD.,
a Hawaii corporation

DATED : October 10, 1985
RECORDED : Liber 19011 Page 579
GRANTING : granting a nonexclusive easement for
waterline purposes over, across,
and under a portion of EASEMENT
"W-3" (15.00 feet wide)

(C) Designation of the following easement(s) as shown on said File Plan No. 2250:

- (1) EASEMENT "C", (area 4,156 square feet) for access and utility purpose.
- (2) EASEMENT "J", (area 17,263 square feet) for sewerline purpose.

12. -AS TO LOT 3:-

(A) GRANT OF EASEMENT

TO : KAPALUA WASTE TREATMENT
COMPANY, LTD., a Hawaii corporation

DATED : October 10, 1985
RECORDED : Liber 19011 Page 554

GRANTING : granting a nonexclusive easement for
sewer purposes over, across, and under a
portion of EASEMENT "S-6" (15.00 feet
wide)

(B) GRANT OF EASEMENT

TO : KAPALUA WATER COMPANY, LTD.,
a Hawaii corporation

DATED : October 10, 1985
RECORDED : Liber 19011 Page 579
GRANTING : granting a nonexclusive easement for
waterline purposes purposes over, across,
and under a portion of EASEMENT
"W-3" (15.00 feet wide)

(C) Designation of the following easement(s) as shown on said File Plan No. 2250:

(1) EASEMENT "J", (area 17,263 square feet) for sewerline purpose.

13. -AS TO LOT 4, LOT 5 AND LOT 6:-

(A) GRANT OF EASEMENT

TO : KAPALUA WASTE TREATMENT
COMPANY, LTD., a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 554

GRANTING : granting a nonexclusive easement for sewer purposes over, across, and under a portion of EASEMENT "S-6" (15.00 feet wide)

(B) Designation of the following easement(s) as shown on said File Plan No. 2250:

(1) EASEMENT "B", (area 15,943 square feet) for access and utility purpose.

(2) EASEMENT "J", (area 17,263 square feet) for sewerline purpose.

14. -AS TO LOT 7:-

(A) GRANT OF EASEMENT

TO : KAPALUA WASTE TREATMENT
COMPANY, LTD., a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 554

GRANTING : granting a nonexclusive easement for
sewer purposes over, across, and under
portions of EASEMENT "S-1" (15 feet
wide), EASEMENT "S-3" (15 feet wide),
and EASEMENT "S-5" (15 feet wide)

(B) GRANT OF EASEMENT

TO : KAPALUA WATER COMPANY, LTD.,
a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 579

GRANTING : granting a nonexclusive easement for
waterline purposes over, across,
and under a portion of EASEMENT
"W-3" (15.00 feet wide)

(C) Designation of the following easement(s) as shown on said
File Plan No. 2250:

- (1) EASEMENT "A", (area 16,272 square feet) for access
and utility purpose.

15. -AS TO LOT 8:-

(A) GRANT OF EASEMENT

TO : KAPALUA WATER COMPANY, LTD.,
a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 579

GRANTING : granting a nonexclusive easement for
waterline purposes purposes over, across,
and under a portion of EASEMENT
"W-3" (15.00 feet wide)

(B) Designation of the following easement(s) as shown on said
File Plan No. 2250:

(1) EASEMENT "A", (area 16,272 square feet) for access
and utility purpose.

16. -AS TO LOT 9:-

(A) GRANT OF EASEMENT

TO : KAPALUA WATER COMPANY, LTD.,
a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 579

GRANTING : granting a nonexclusive easement for
waterline purposes purposes over, across,
and under a portion of EASEMENT
"W-3" (15.00 feet wide)

(B) Existing easements as shown on survey plan (Certification Map for "Site 29 at Kapalua") prepared by Bruce R. Lee, Registered Professional Land Surveyor, with Newcomer - Lee Land Surveyors, Inc., dated May 16, 1997, to-wit:

(1) Easement "U-1" for telephone and electric purposes.

(C) Designation of the following easement(s) as shown on said File Plan No. 2250:

(1) EASEMENT "A", (area 16,272 square feet) for access and utility purpose.

17. -AS TO LOT 10:-

(A) Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.

(B) GRANT OF EASEMENT

TO : KAPALUA WASTE TREATMENT
COMPANY, LTD., a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 554

GRANTING : granting a nonexclusive easement for sewer purposes over, across, and under portions of EASEMENT "S-1" (15 feet wide), EASEMENT "S-3" (15 feet wide), EASEMENT "S-5" (15 feet wide), EASEMENT "S-6" (15.00 feet wide) and EASEMENT "S-9" (15 feet wide)

(C) GRANT OF EASEMENT

TO : KAPALUA WATER COMPANY, LTD.,
a Hawaii corporation

DATED : October 10, 1985

RECORDED : Liber 19011 Page 579

GRANTING : granting a nonexclusive easement for
waterline purposes purposes over, across,
and under a portion of EASEMENT
"W-3" (15.00 feet wide)

(D) Existing easements as shown on survey plan (*Certification Map for "Site 29 at Kapalua"*) prepared by Bruce R. Lee, Registered Professional Land Surveyor, with Newcomer - Lee Land Surveyors, Inc., dated May 16, 1997, to-wit:

(1) Easement "U-1" for telephone and electric purposes.

(E) Designation of the following easement(s) as shown on said File Plan No. 2250:

(1) EASEMENT "B", (area 15,943 square feet) for access and utility purpose.

(2) EASEMENT "D", (area 15,674 square feet) for utility purpose.

(3) EASEMENT "E", (area 2,134 square feet) for waterline purpose.

(4) EASEMENT "F", (area 942 square feet) for waterline purpose.

(5) EASEMENT "G", (area 797 square feet) for waterline purpose.

(6) EASEMENT "H", (area 2,728 square feet) for waterline purpose.

- (7) EASEMENT "J", (area 17,263 square feet) for sewerline purpose.
- (8) EASEMENT "K", (area 1,519 square feet) for sewerline purpose.
- (9) EASEMENT "M", (area 24,414 square feet) for public beach access purposes.
- (F) Limited restriction of abutter's rights of access to and from Lot 2-A-1-B-4, as shown on said File Plan No. 2250.
- (G) GRANT OF EASEMENT FOR ACCESS AND RECREATIONAL USE

TO : KAPALUA RESORT ASSOCIATION, a
Hawaii non-profit corporation

DATED : August 31, 1999

RECORDED : Document No. 99-150861

GRANTING : a perpetual, nonexclusive easement for
access and passive recreational use over
and across said Easement "M" (area
24,414 square feet)

18. -AS TO LOTS 7 AND 10:-

- (A) PRIVATE WATER SYSTEM AGREEMENT dated November 20, 1987, recorded in Liber 21596 at Page 691, by and among MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii corporation, "Owner", THE KBH COMPANY, a California limited partnership, "Developer", and the COUNTY OF MAUI and its DEPARTMENT OF WATER SUPPLY, "County".

Said above Agreement was by mesne assignments assigned to YCP KAPALUA OPERATOR, INC., a Delaware corporation by instrument dated September 5, 1996, recorded as Document No. 96-128041.

19. GRANT

TO : MAUI ELECTRIC COMPANY, LIMITED and
GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED

DATED : August 19, 1999

RECORDED : Document No. 99-144894

GRANTING : a perpetual right and easement for utility
purposes over, across, through and under that
portion of the land described as Lot A-2-A

20. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Grant of Access Easement (Kapalua Coconut Grove) dated August 31, 1999, recorded as Document No. 99-150860.
21. Declaration of Condominium Property Regime of The Coconut Grove on Kapalua Bay dated September 20, 1999, recorded as Document No. 99-152615, as amended from time to time.
22. Condominium File Plan No. 2973.
23. By-Laws of the Association of Apartment Owners of The Coconut Grove on Kapalua Bay dated September 20, 1999, recorded as Document No. 99-152616, as amended from time to time.
24. (A) Existing easements as shown on the survey map prepared by Reed M. Ariyoshi, Registered Professional Land Surveyor, with Warren S. Unemori - Engineering, Inc., dated October 21, 1999, to-wit:
- (1) Easement "8" for foot passage ingress and egress purposes.
 - (2) Easement "S-2" for sewer purposes.
 - (3) Easement "S-4" for sewer purposes.
 - (4) Easement "S-8" for sewer purposes.

- (5) Easement "D-1" for drainage purposes.
- (6) Easement "D-2" for drainage purposes
- (7) Easement "D-3" for drainage purposes.
- (8) Easement "D-4" for drainage purposes.
- (9) Easement "D-7" for drainage purposes
- (10) Easement "D-8" for drainage purposes.
- (11) Easement "D-14" for drainage purposes.
- (12) Easement "W-4" for waterline purposes.
- (13) Easement "W-5" for waterline purposes.

(B) The following matters as shown on the survey map prepared by Reed M. Ariyoshi, Registered Professional Land Surveyor, with Warren S. Unemori - Engineering, Inc., dated October 21, 1999, to-wit:

- (1) Concrete sidewalk and wooden fence encroaches into the subject parcel.
- (2) CRM wall encroaches into Roadway Lot 2-A-1-B-4.
- (3) Asphalt paved driveway serving Lot A-1-A of the Kapalua Development (Large-Lot) Subdivision is located within subject parcel.
- (4) Existing parking lot and fence encroaches into Lot 11, of File Plan 2250.
- (5) Existing dirt road.

24. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : KAPALUA COCONUT GROVE LLC, a
Hawaii limited liability company

MORTGAGEE : BANK OF HAWAII, a Hawaii corporation

DATED : December 6, 1999

RECORDED : Document No. 99-195045

AMOUNT : \$33,000,000.00

25. ASSIGNMENT OF SALES CONTRACTS AND SALES PROCEEDS dated December 3, 1999, recorded as Document No. 99-195046, by and between BANK OF HAWAII, a Hawaii corporation (the "Bank"), and KAPALUA COCONUT GROVE LLC, a Hawaii limited liability company (the "Assignor"), assigning all of Assignor's right, title and interest in and to the Sales Contracts, all of the Sales Proceeds, and rights to waive or release any obligation to be observed or performed by any Purchaser under any Sales Contract.
26. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey or archaeological study would disclose.

NOTES

1. Item 7 may be deleted from the Preliminary Title Report dated January 26, 2000, when construction of the Project is complete.
2. Item 18(a) may be removed from the title to the land.
3. Sections F and R.7 of the Declaration of Condominium Property Regime of The Coconut Grove on Kapalua Bay provides, among other things, that (a) the Developer shall have certain easements over the Project, together with the right to grant easements to third parties, (b) the Developer shall have the right to enter into

encroachment agreements with owners of properties adjacent to the Project, and (c) the Developer shall have the right to modify, amend, relocate, release, or replace any telephone, electrical, sewer, water line, water filter plant, access, or other utility easement described in Exhibit "A" of the Declaration of Condominium Property Regime.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT H

DISCLOSURE ABSTRACT

1. (a) PROJECT: The Coconut Grove on Kapalua Bay
Kapalua, Hawaii
- (b) DEVELOPER: Kapalua Coconut Grove LLC
1000 Kapalua Drive
Kapalua, Hawaii 96761
Telephone: (808) 669-5622
- (c) PROJECT MANAGER: Management Consultants of Hawaii, Inc.
P. O. Box 10039
Lahaina, Hawaii 96761
Telephone: (808) 661-8795
2. USE OF APARTMENTS:
 - (a) Number of Apartments in Project for Residential Use: 36¹
 - (b) Proposed Number of Apartments in Project for Hotel Use: -0-
 - (c) Extent of Commercial or Other Nonresidential Development in Project:
None
3. WARRANTIES:
 - (a) Developer warrants that for a period of one year from the date of original conveyance of title to Buyer, the Developer will correct any defect in the floors, ceilings, walls and other structural components of the apartment due to defective materials or

¹ Subject to applicable law, including, without limitation, the Maui County Code, and the terms and provisions of the Declaration of Condominium Property Regime and the By-Laws of the Project, as amended from time to time, owners will be permitted to rent their apartments for, among other purposes, vacation rental purposes.

workmanship of which Developer receives notice during such one-year period. The foregoing warranty applies only to the structural components of the apartment and to the plumbing, electrical, heating and air conditioning systems, but does not extend to any portion of such systems which are not part of the structural components of the apartment or are otherwise excluded from coverage as provided hereinafter in paragraph (b). Notwithstanding the generality of the foregoing, Developer's warranty shall not cover defects in any appliances or other equipment within the apartment. All appliances and other equipment within the apartment shall be covered solely by the warranties of the respective manufacturers thereof and the warranty periods of such warranties may vary.

(b) Developer does not warrant or assume responsibility for the following items, which are excluded from coverage of Developer's warranty: (i) defects in appliances, equipment or other components of the apartment covered by manufacturers' warranties; (ii) damage due to ordinary wear and tear, abusive use or lack of property maintenance; or (iii) loss or injury due to "Acts of God" such as earthquakes or floods.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Management Consultants of Hawaii, Inc., a Hawaii corporation, for the one-year period commencing April 1, 1999 and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of the Kapalua Resort Association dues (currently \$30 per month) or real property taxes. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

6. KAPALUA RESORT ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Kapalua Resort Association. As such member, each apartment owner will be required to pay Kapalua Resort Association monthly dues, which are currently \$30 per month. The Association of Apartment Owners of the Project will collect from each apartment owner the Kapalua Resort Association monthly dues and remit such dues to the Kapalua Resort Association.

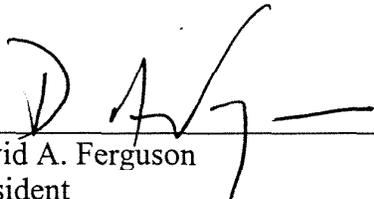
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President of Management Consultants of Hawaii, Inc., a Hawaii corporation, designated by the Developer of The Coconut Grove on Kapalua Bay condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing April 1, 1999, based on generally accepted accounting principles.

DATED: Lahaina, Hawaii, this 7th day of April, 1999.



David A. Ferguson
President

Subscribed and sworn to
before me this 7th day
of April, 1999.



Notary Public, State of Hawaii

My commission expires: 11/30/2002

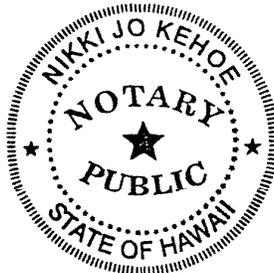


EXHIBIT "1"

THE COCONUT GROVE ON KAPALUA BAY

Estimated Annual Common Expenses

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Utilities:</u>		
Electricity	\$ 925.00	\$ 11,100.00
TV Cable	792.00	9,504.00
Water – Potable	390.00	4,680.00
Water – Irrigation	1,529.00	18,348.00
Sewer Fees	1,437.00	17,244.00
Gas	436.00	5,232.00
Telephone & Communication	176.00	2,112.00
Totals	<u>5,685.00</u>	<u>68,220.00</u>

Maintenance:

Buildings	75.00	900.00
Grounds Maintenance Contract	12,600.00	151,200.00
Grounds Materials	200.00	2,400.00
Irrigation Maintenance & Repairs	200.00	2,400.00
Equipment Maintenance & Repair	120.00	1,440.00
Lighting – Repair & Maintenance	60.00	720.00
Entry Gate Service Contract	44.00	528.00
Pool/Spa/Recreation Area	250.00	3,000.00
Pest Control (Qtrly Treatment)	264.00	3,168.00
Refuse Collection	430.00	5,160.00
Paint	50.00	600.00
Misc. Purchases	50.00	600.00
Fire Extinguisher Service	25.00	300.00
Totals	<u>14,368.00</u>	<u>172,416.00</u>

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Administration:</u>		
Office & Administration	\$225.00	\$2,700.00
Management Services	1,036.00	12,432.00
Vehicle Expenses	45.00	540.00
Resort Operations Fee	1,033.00	12,396.00
Security – Outside Vendor	1,825.00	21,900.00
Association Meeting Expense	75.00	900.00
Legal Fees	100.00	1,200.00
Dues & Subscriptions	25.00	300.00
Audit, Cash Verification, Tax Prep.	180.00	2,160.00
Totals	<u>4,544.00</u>	<u>54,528.00</u>

Payroll & Benefits:

Payroll – Site Manager	2,600.00	31,200.00
Payroll – Maintenance	1,907.00	22,884.00
Payroll – Relief Maintenance	693.00	8,316.00
FICA/Medicare	398.00	4,776.00
Worker’s Compensation Insurance	270.00	3,240.00
State Unemployment Contribution	281.00	3,372.00
Federal Unemployment	14.00	168.00
Temporary Disability Insurance	24.00	288.00
Medical Insurance	337.00	4,044.00
Payroll Preparation Fee	144.00	1,728.00
Uniforms	40.00	480.00
Totals	<u>6,708.00</u>	<u>80,496.00</u>

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Other Expenses:</u>		
Property Insurance - \$36 million	\$2,916.67	\$35,000.00
Comprehensive General Liability – \$1 million	250.00	3,000.00
Commercial Umbrella Liability – \$5 million	233.33	2,800.00
Directors & Officers Liability – \$5 million	183.33	2,200.00
Fidelity Insurance - \$100,000	73.58	883.00
Flood Insurance (A4) \$1 million/Bldg.	750.00	9,000.00
General Excise Tax	32.00	384.00
Taxes & Licenses	15.00	180.00
Totals	<u>4,453.91</u>	<u>53,447.00</u>
<u>Reserves:</u>	<u>2,706.92</u>	<u>32,483.00</u>
TOTAL DISBURSEMENTS	<u><u>\$38,465.83</u></u>	<u><u>\$461,590.00</u></u>

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

- (1) The estimated monthly maintenance charge for each Type 1 and 1R apartment is \$1,002.68 per month.
- (2) The estimated monthly maintenance charge for each Type 2 and 2R apartment is \$988.81 per month.
- (3) The estimated monthly maintenance charge for each Type 3 and 3R apartment is \$1,138.43 per month.
- (4) The estimated monthly maintenance charge for each Type 4 and 4R apartment is \$1,144.07 per month.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT I

SUMMARY OF SALES AGREEMENT

A specimen Reservation and Sales Agreement (the "Sales Agreement"), has been submitted to the Real Estate Commission and is available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Selection of Colors. Buyer understands and acknowledges that buyer will be offered the opportunity to select the colors of carpeting, tile, marble, granite and appliances within the Apartment. Buyer understands and acknowledges that if buyer is offered a choice of colors for certain items within the Apartment, buyer must make buyer's selection within three (3) weeks from the date buyer is offered such choice. Buyer understands and acknowledges that the Seller's cost to construct the Apartment will be significantly impacted for each selection that buyer fails to make in a timely manner. Accordingly, in the event that buyer fails to make buyer's selection within the specified time period, Seller will have the right to make said selections for buyer.

2. Buyer's Interest Under the Sales Contract Is to Be Subordinate to the Construction Loan. Buyer acknowledges that Seller has entered or will enter into an agreement with the Bank of Hawaii and/or other lender(s) (the "Construction Lender") pursuant to which the Construction Lender may loan an aggregate of up to Thirty Three Million and No/100 Dollars (\$33,000,000.00) for a period of two (2) years from the date of the closing of the construction loan after satisfaction of the Presale Requirement referenced in Article V, Section C.6 of the Sales Agreement, for construction and other associated costs of the Project. To secure this loan, Seller has granted or will grant to the Construction Lender security interests covering Seller's interest in the Land and the Project, including the Property covered by the Sales Agreement. Buyer acknowledges and agrees that all security interests obtained by the Construction Lender in connection with such loan as well as any extensions, renewals and modifications thereof shall be and remain at all times a lien or charge on the Project, including the Property covered by the Sales Agreement, prior to and superior to any and all liens or charges on the Project arising from the Sales Agreement. Buyer intentionally waives, relinquishes and

subordinates the priority or superiority of any lien under the Sales Agreement in favor of the lien or charge on the Project of the security interests of the Construction Lender. Buyer further undertakes and agrees to execute any further documentation or subordination agreement required by Seller or the Construction Lender to evidence this subordination within seven (7) days of a request to do so, and Seller shall have the right in its sole discretion to cancel the Sales Agreement if buyer fails or refuses to do so. Buyer also consents to Seller's assignment by way of security of Seller's interests in the Sales Agreement and buyer's escrow deposits to the Construction Lender and agrees that in the event of passage of Seller's interests therein pursuant to said assignment, that buyer will, at Construction Lender's option, perform to, attorn to and recognize Construction Lender (its successors and assigns in interest, if any) as Seller hereunder, with all of the rights of Seller hereunder, all as if the Construction Lender were the original Seller hereunder.

3. Financing of Purchase.

(a) Buyer's Ability to Make Payments. Buyer promises that buyer is able to make, when due, all of the payments required under Article III of the Sales Agreement. Buyer also promises that the personal financial information which buyer gives to Seller or any mortgage lender will be true and accurate. Buyer agrees that Seller or any mortgage lender is authorized to check buyer's credit background and financial condition. Buyer agrees to confirm this authority promptly in writing upon Seller's request.

(b) If Buyer Elects to Obtain a Loan.

(i) If buyer elects to borrow money to pay any portion of the Purchase Price, buyer shall, within ten (10) days from buyer's execution of the Sales Agreement, apply for mortgage financing from a mortgage lender, promptly sign and deliver all documents and diligently take all steps necessary to qualify and obtain the required financing. Seller shall have no obligation to arrange for buyer's mortgage financing. Buyer shall immediately deliver an original executed copy of any notification of loan pre-qualification, loan approval or mortgage commitment that buyer obtains to Seller. Seller shall have the right, in Seller's sole discretion, to disapprove of any loan prequalification, approval or mortgage commitment submitted to Seller under the Sales Agreement within thirty (30) days of the receipt of same by Seller. In the event that Seller shall not have given written notice of disapproval to buyer within said thirty (30) day period, such loan approval or mortgage commitment shall be deemed to be approved. Buyer agrees to be solely responsible for any fees charged by buyer's Mortgage Lender in processing buyer's loan application. The presentation of a written loan approval or mortgage commitment by the buyer to the Seller and Seller's acceptance thereof shall

constitute an agreement by buyer that buyer shall perform all of the terms, conditions and agreements contained therein. In order to facilitate Seller's awareness of buyer's progress in obtaining a mortgage loan under this Section, buyer hereby authorizes any of buyer's prospective lenders to transmit to Seller at Seller's request any and all information necessary for this purpose, including, but not limited to copies of all correspondence between buyer and buyer's prospective lender.

(ii) If buyer's application, qualification or eligibility for a mortgage loan is rejected by a Mortgage Lender or Mortgage Lenders, or buyer's loan approval or mortgage commitment is not approved within thirty (30) days after application, or buyer, after having had a loan approval or mortgage prequalification, approval or commitment disapproved by Seller is thereafter unable to have such prequalification, approval or commitment modified or revised to the satisfaction of Seller, then in any of the foregoing events, Seller may elect to cancel the Sales Agreement upon written notice to buyer and, upon such cancellation, Seller shall direct Escrow to refund to buyer all sums paid hereunder by buyer with any accrued interest. If at any time following the date that the Sales Agreement becomes binding buyer shall fail for any reason whatsoever to remove any contingency from its loan prequalification, approval or commitment by the required Closing Date, or fail (for any reason whatsoever including without limitation, any purposeful or inadvertent change in buyer's credit standing) to keep the loan prequalification, approval or commitment in force and thereby fail to close as required herein, such failure shall constitute a default hereunder and Seller shall be entitled to exercise Seller's remedies under Article V, Section G.2 of the Sales Agreement.

(c) If Buyer Plans to Pay Cash. If buyer plans to pay the Total Purchase Price in cash, without using a loan, Seller may request from buyer, within fifteen (15) business days after Seller signs the Sales Agreement, written proof, satisfactory to Seller in its sole and absolute discretion, of buyer's ability to pay the Total Purchase Price in cash. If Seller is not satisfied with such proof, Seller may elect within 30 days to cancel the Sales Agreement by written notice to buyer, whereupon buyer's Deposits shall be refunded with interest.

4. Presale Requirement. Notwithstanding anything in the Sales Agreement that may be to the contrary, Seller's obligation to construct and convey the Property to buyer is conditioned upon and made expressly subject to Seller's ability to satisfy the requirement of the Construction Lender that Seller enter into binding sales contracts with qualified buyers for the purchase of apartments in the Project having an aggregate sales price of not less than \$44,000,000.00 within six (6) months of the effective date of the Contingent Final Public Report for the Project ("Presale

Requirement"). If the Presale Requirement is satisfied or waived by the Construction Lender, in its sole discretion, within such period (or such longer period as may be agreed to by Seller and the Construction Lender, in their sole discretion), then Seller shall give written notice of same to buyer, and the terms of this Section shall thereupon terminate and be of no further force and affect. If the Presale Requirement is not satisfied or waived within such time period (as same may be extended by Seller and Construction Lender in their sole discretion), then Seller or buyer may unilaterally cancel the Sales Agreement at any time thereafter by giving written notice to the other party, and upon such cancellation by either party, Seller shall direct Escrow to refund to buyer all deposits paid hereunder by buyer with accrued interest. In the event of any termination of the Sales Agreement pursuant to this Section, buyer will pay, and Seller will not be responsible for, the payment to buyer's Mortgage Lender's, if any, reasonable processing costs or cancellation fees and any similar fees or costs incurred by or charged to buyer as a result of such event. Seller shall be responsible for any Escrow fees incurred as a result of such event.

5. Seller's Warranty.

(a) Seller warrants that for a period of one year from the date of original conveyance of title to buyer, the Seller will correct any defect in the floors, ceilings, walls and other structural components of the apartment due to defective materials or workmanship of which Seller receives notice during such one-year period. The foregoing warranty applies only to the structural components of the apartment and to the plumbing, electrical, heating and air conditioning systems, but does not extend to any portion of such systems which are not part of the structural components of the apartment or are otherwise excluded from coverage as provided hereinafter in paragraph (b). Notwithstanding the generality of the foregoing, Seller's warranty shall not cover defects in any appliances or other equipment within the apartment. All appliances and other equipment within the apartment shall be covered solely by the warranties of the respective manufacturers thereof and the warranty periods of such warranties may vary.

(b) Seller does not warrant or assume responsibility for the following items, which are excluded from coverage of Seller's warranty: (i) defects in appliances, equipment or other components of the apartment covered by manufacturers' warranties; (ii) damage due to ordinary wear and tear, abusive use or lack of property maintenance; or (iii) loss or injury due to "Acts of God" such as earthquakes or floods.

6. The Condominium Map Is Not a Warranty. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. BUYER AGREES THAT THE

CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER.

7. Seller Makes No Promises About Rentals or Other Economic Benefits. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED HEREIN. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

8. Closing. Closing will take place on the "Closing Date" which is the date that the Apartment Deed conveying the Property to buyer is recorded in the Bureau of Conveyances of the State of Hawaii. The "Closing Date" will be set by Seller alone. It will not be less than thirty (30) days after Seller signs this Agreement and it will not be before a temporary or permanent certificate of occupancy covering the Apartment is issued (or if no certificate of occupancy will be issued, the "Closing Date" will not be before Seller determines that the Apartment is complete enough to be occupied). Seller may put off the Scheduled Closing Date for up to thirty (30) extra days. Seller will give buyer at least thirty (30) days' notice of the Closing Date. If, and only if, closing should occur prior to the expiration of the applicable mechanics' lien period, Seller shall upon Buyer's request provide buyer with an owner's title insurance policy with a mechanics' lien endorsement, protecting buyer against all mechanics' and materialmen's liens attributable to Seller's development and construction of the Project.

9. Buyer's Obligation to Pay Closing Costs and Other Amounts. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all recording costs, all charges for buyer's credit report, all conveyance taxes, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all costs of any mortgage that buyer makes, including mortgage recording fees.

10. Default by Buyer. If buyer fails to make any payment when it is due or fails to keep any of buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained herein, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving buyer written notice of cancellation and Seller may keep all sums paid by buyer under the Sales Agreement as "liquidated damages" (i.e., the amount agreed to by buyer and Seller as properly payable in settlement for breach of contract), and not as a penalty. If Seller cancels the Sales Agreement, buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing and construction of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make buyer keep all of buyer's promises and agreements, including, without limitation, closing the purchase of the Property).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable lawyers' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of buyer's default.

11. Default by Seller. If Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, buyer, if not in default hereunder, may file a lawsuit for specific performance to require Seller to go through with the Sales Agreement (unless the Sales Agreement is only a "reservation" in which case the terms of Article V, Section E.1 of the Sales Agreement will control), or may exercise any other remedy to which buyer is entitled to at law or equity, including canceling this Agreement, if applicable. If buyer cancels the Sales Agreement because of Seller's default, Seller will repay to buyer all sums paid by buyer to Seller or Escrow under the Sales Agreement, with accrued interest.

12. Common Area Landscaping. Buyer understands and agrees that (a) Seller's obligation to provide landscaping within the common elements of the Project will be deemed fully satisfied upon planting of the plant materials (which need not be in full coverage and maturity) and installation of the irrigation system pursuant to Seller's landscaping plans, as the same may be amended from time to time in Seller's sole discretion; (b) installation of the plant materials and irrigation system may be completed

after the Closing Date; (c) full maturity of the plant materials will only be reached over an extended period of time and Seller is not responsible for providing landscaping maintenance to reach full coverage and maturity; and (d) the Association will be responsible for maintaining the landscaping after installation thereof, even if the landscaping has not reached full coverage or maturity.

13. Conditions Affecting the Property and Project. The buyer understands, acknowledges, covenants and agrees to the following:

(a) Agricultural Effects. The Project is located near to lands and easements used for or in connection with the cultivation of pineapple and diversified agricultural operations, which may include, but are not limited to, open burning, trucking, plowing, hauling, fertilizing, grading, storing, herbicide and pesticide spraying, crop dusting, water diversion, irrigation, and all other activities incidental to the planting, cultivating, harvesting and processing of crops, including night time activities, and the grazing and raising of livestock, poultry and other animals, which may from time to time cause surface water runoff, noise, soot, smoke, dust, light, heat, vapors, odors, chemicals, vibrations, insect pests, and other substances and phenomena of every description (collectively, the "Agricultural Effects") to be discharged, emitted, dispersed or transmitted over and upon the Property or the Project which may bother or be a nuisance to the buyer and any person occupying or using the Property, and the buyer also acknowledges that the Hawaii Right to Farm Act (Chapter 165 of the Hawaii Revised Statutes) and Hawaii law limit the circumstances under which farming operations may be deemed to be a nuisance;

(b) Utility Effects. The Property is or may be located adjacent to or in the vicinity of electric, water and other utilities and public roads and thoroughfares, including, without limitation, such things as electrical substations, high-powered electrical transmission lines, water and sewer pump stations, water and sewer mains, water tanks, reservoirs, freeways and exit ramps which may result in nuisances, such as noise and dust, disturbances or hazards (collectively, the "Utility Effects") to persons and to property on or within the Property. In recent years, concerns have been raised about possible adverse health effects of electric and magnetic fields from power lines. Seller is not insuring or guaranteeing the health of buyer or other occupants or users of the Property and disclaims liability for personal injury, illness or any other loss or damage caused by or arising from the Utility Effects including, without limitation, the presence or malfunction of any electrical distribution systems that may be located adjacent to, near, or over any part of the Property;

(c) Development Effects. (i) The Project is or may be located adjacent to or in the vicinity of various construction activities, (collectively, the

"Proposed Development"); (ii) construction of the Proposed Development will or may result in noise, dust, vibration and other nuisances, disturbances or hazards to buyer and to persons and property on or within the Property or the Project, and may limit buyer's access to the Project; (iii) when completed, traffic, lights, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project may be generated from the Proposed Development; (iv) no representations or warranties are made by Seller, its employees or agents concerning plans, or the absence of plans, by Seller or others for future development of adjacent or nearby properties, and any plans for the future development of adjacent and nearby properties by Seller are subject to change in the sole and absolute discretion of the Seller or its successors and assigns; and (v) Seller makes no representations regarding the view from the Property or any view easements or rights, and the views from the Property are not guaranteed (items (i) through (v) are hereinafter collectively called the "Development Effects"); and

(d) Waiver, Release and Indemnity. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh the risks of the Agricultural Effects, the Utility Effects and the Development Effects (collectively, the "Property Conditions"). Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental the Agricultural Effects, the Utility Effects, and the Development Effects. Buyer hereby covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Property Conditions, and buyer, for the buyer and the buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Property through the buyer for an extended period of time (collectively, the "Occupants"), hereby waives any claims or rights of action or suits against Seller, its successors and assigns, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from one or more of the Property Conditions. Buyer shall indemnify, hold harmless and defend Seller, its successors and assigns from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the Occupants as a result of one or more of the Property Conditions. Buyer further covenants that buyer will notify all Occupants and transferees of the Property of the risks of the Property Conditions.

(e) Kapalua Resort. Nothing herein contained, nor any advertising or other documentation in connection with the Project shall be construed as obligating Seller or any other person to develop any land other than the Project land, or to

construct any improvements, including any recreational facilities, other than the improvements described herein; nor as granting to buyer any membership, privileges, or other interest in any entity, club, clubhouse, country club, golf course, tennis club or other facility (recreational or otherwise) in the Kapalua Resort other than the Project's Owners' Association and the Kapalua Resort Association. Notwithstanding the foregoing, buyer acknowledges that the Project is a part of a master-planned resort and that from time to time lands adjacent to or near the Project may be developed or redeveloped for such purposes as may be permitted. Buyer acknowledges that the Project is located adjacent to a beach, a hotel and the Bay Club Restaurant, all of which are open to the public.

14. Model Units/Sales Information Center. Buyer understands and acknowledges that due to the discontinuation in the production of certain materials and for other reasons, some of the materials used in the model units, if any, for the Project and certain methods of construction used for the model units, if any, for the Project may differ from the materials and methods of construction used in the buildings in the Project, including the building in which the Apartment is located. Buyer further understands and acknowledges that the model units, if any, and advertising collateral materials such as brochures, displays, and renderings are for the purpose of assisting the buyer in visualizing the floor plan of the Apartment buyer is purchasing and may not be an exact replica of the apartments or the buildings being built within the Project. Buyer also understands and acknowledges that the advertising collateral materials, model units, if any, etc., contain numerous upgrades, options and decorator items not included with the Apartment being purchased by buyer or the building in which such Apartment is located. Without limiting the generality of the foregoing, the model units, if any, may contain such features as wallpaper, chandeliers, and other finishes or furniture that would not be included in the Apartment buyer is purchasing. Buyer also understands and acknowledges that the model units, if any, and sales information center within or outside the Project, may be used for sales of apartments within this and other projects, and may continue for many years into the future. Buyer understands and acknowledges that sales activities may include signs, extensive sales displays, public events and activities.

15. Security. Buyer understands and agrees that neither Seller nor the Association shall be considered in any way an insurer or guarantor of security within the Project and buyer agrees not to hold the Seller or the Association liable for any loss or damage buyer or anyone else may suffer by reason of a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. Buyer agrees to assume all risk of injury, loss or damage that may arise due to a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. Buyer acknowledges and agrees that neither Seller nor the Association has made any representations or warranties, either express or implied, about

any security measures at the Project and buyer has not relied upon any such representations or warranties.

16. Mediation After Closing. If Closing occurs and any dispute or claim arises out of the Sales Agreement or in any way is connected with the design, development, construction, sale, marketing, financing, warranties, or any other activity or matter relating to the Property, between buyer and Seller (a "Dispute"), and the parties to such Dispute are unable to resolve the Dispute through negotiation, Buyer and Seller each agree first to attempt in good faith to settle such Dispute by non-binding mediation conducted in Maui, Hawaii. The mediation shall be conducted under the Commercial Mediation Rules of the American Arbitration Association ("AAA") except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single mediator instead of having a mediator appointed by AAA, and the parties may agree to use a recognized mediation service other than AAA. The costs for the mediator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the mediation. At Seller's option, the mediation shall include any of Seller's agents, architects, consultants, engineers, contractors, subcontractors, suppliers, representatives or other third parties as parties.

17. No Transfer of this Agreement Without Seller's Written Consent. Buyer agrees that buyer may not transfer the Sales Agreement or any of buyer's rights or interests under the Sales Agreement without first getting Seller's written consent, which consent may be withheld by Seller in its sole and absolute discretion.

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

CONDOMINIUM PUBLIC REPORT ON
THE COCONUT GROVE ON KAPALUA BAY

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

Copies of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement will be deposited within a reasonable time of their receipt by Escrow and in reasonably convenient sums in accounts at a federally insured bank, savings and loan association or other financial institution authorized to do business in the State of Hawaii designated by Seller. The accounts must provide for interest at the prevailing interest rate, and all interest paid on the accounts will belong to Seller unless the buyer (a) asks Escrow to establish a separate account for the buyer's deposits, (b) pays Escrow a fee for each separate account Escrow opens for the buyer, and (c) provides Escrow with the buyer's social security number or federal identification number.

2. Disbursements from the buyer's escrow fund shall be made by Escrow in accordance with the Escrow Agreement. The Escrow Agreement provides, among other things, that buyer's deposits may be disbursed prior to closing to pay for construction costs of the buildings in the Project and architectural, engineering, finance and legal fees and other incidental expenses of the Project if certain conditions are met.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.