CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Maui Kamaole Enterprises III

Address c/o Case Bigelow & Lombardi
737 Bishop Street, Suite 2600, Honolulu, Hawaii 96813

Project Name(*): MAUI KAMAOLE PHASE III - Cluster M

Address: 2777 South Kihei Road, Kihei, Maui, Hawaii 96753

Registration No. 4350

Effective date: February 24, 2000

Expiration date: November 24, 2000

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. A Final Public Report will be issued by the developer when complete information is filed.

_X_ **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. Contingent Final public reports may not be extended or renewed.
[ ] No prior reports have been issued.
[x] This report supersedes all prior public reports.

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

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

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

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [x] 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.
[x] Changes made are as follows:

1. Only Cluster M Covered by this Public Report. This public report only covers the 20 apartments contained in Cluster M that have been added to the Maui Kamaole Phase III condominium project pursuant to rights reserved to the developer in the Declaration of Condominium Property Regime of Maui Kamaole Phase III. Sales of the 20 apartments in Cluster M are covered by this public report. The Cluster M apartments are identified as apartment nos. M-101, M-102, M-103, M-104, M-105, M-106, M-107, M-108, M-109, M-110, M-201, M-202, M-203, M-204, M-205, M-206, M-207, M-208, M-209 and M-210. The Declaration and the Condominium Map have been amended to reflect the addition of the Cluster M apartments to the Project. (See pages 6 and 6a of this public report for a list of the various amendments that have been made to the Declaration, the Condominium Map and the Bylaws.)

2. Development Sequence. Cluster M is being developed after Cluster J. As such, the development sequence of the various cluster has been changed from G, H, I, E, D, L, K, M, J, F to G, H, I, E, D, L, K, J, M, F.

3. Parking Stalls. See Exhibit "B" to this public report for the current list of parking stalls assigned to the various apartments in Cluster M. Fifty-five parking stalls that were not assigned to any particular apartment have been converted by the Developer to guest parking stalls. See page 12 of this public report for how the parking stalls are categorized.

4. Common Interests. The common interests of the apartments in Cluster M have been revised from what was reported in the Disclosure Abstract dated March 15, 1999. Exhibit "E" to this public report shows the current common interest for each apartment in Cluster M.

5. Encumbrances Against Title. See Exhibit "F" to this public report for a current list of the encumbrances affecting title to the Project land.

6. Maintenance Fees. The estimate of initial maintenance fees for the apartments in Cluster M has been revised from what was reported in the Disclosure Abstract dated March 15, 1999. Exhibit "G" to this public report shows the current estimate of initial maintenance fees for each apartment in Cluster M.

7. Sales Contract. The specimen Sales Contract (summarized in Exhibit H of this public report) has been revised to revise the payment schedule for the Total Purchase Price and to explain what happens in the event the Developer obtains an effective date for a contingent final public report. The purchaser is advised to review the revised specimen Sales Contract, a copy of which can be obtained from the Developer's real estate broker.

8. Escrow Agreement. The Escrow Agreement dated June 8, 1989, and confirmed May 1, 1995, between the Developer and Title Guaranty Escrow Services, Inc. (summarized in Exhibit I of this public report), has been amended to account for the possibility of the Developer obtaining an effective date for a contingent final public report. The Purchaser is advised to review the Escrow Agreement, as amended, a copy of which can be obtained from the Develop's real estate broker.

SPECIAL ATTENTION SHOULD BE GIVEN TO THE CONCEPTUAL SUMMARY (PAGES 2a and 2b), THE ADDITIONAL INFORMATION (PAGES 20, 20a and 20b), AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "J").

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contracts executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

(1) The Developer will notify the Purchaser thereof by certified mail; and

(2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

CONCEPTUAL SUMMARY

This conceptual summary is not intended to be a substitute for thorough reading of this public report and the project documents, but only to provide an overview of the development concept and thereby facilitate a better understanding of the project for prospective buyers.

1. Incremental Development of Maui Kamaole Phase III. Pursuant to rights reserved to the Developer in the Declaration of Condominium Property Regime of Maui Kamaole Phase III (the "Declaration"), the Maui Kamaole Phase III condominium project (the "Project") has been and continues to be developed incrementally on a cluster-by-cluster basis. The first eight clusters (identified as Clusters D, E, G, H, I, J, K and L) contain a total of 200 apartments, 160 of which (in Clusters D, E, G, H, I, K and L) have been completed, most of which have been sold, and 40 of which (in Cluster J) are scheduled for completion in approximately November, 2000. With respect to the 160 apartments in Clusters D, E, G, H, I, K and L, sales by the Developer to individual purchasers of those apartments remaining unsold are covered by the Fifth Supplementary Final Public Report for Registration No. 2061, which has an effective date of August 11, 1999 and an expiration date of September 11, 2000. Purchasers desiring additional information on Clusters D, E, G, H, I, K and L, and the apartments therein, are advised to request a copy of the Fifth Supplementary Final Public Report for Registration No. 2061. With respect to the 40 apartments in Cluster J, sales by the Developer to individual purchasers of those apartments remaining unsold are covered by the Final Public Report for Registration No. 4263, which has an effective date of January 20, 2000, and an expiration date of February 20, 2001. Purchasers desiring additional information on Cluster J, and the apartments therein, are advised to request a copy of the Final Public Report for Registration No. 4263.

The ninth cluster (Cluster M) consists of 20 apartments, which have been added to the Project by an amendment to the Declaration and the Condominium Map, bringing the total number of apartments in the Project to 220. Construction of the 20 apartments in Cluster M is scheduled to begin in approximately March, 2000, and be completed in approximately November, 2000. **This Contingent Final Public Report covers only the 20 apartments in Cluster M and, accordingly, sales of those 20 apartments are covered herein. Because the apartments in Cluster M are but a part of the overall Maui Kamaole Phase III condominium project, Buyers of apartments in Cluster M should read the Fifth Supplementary Final Public Report for Registration No. 2061 and the Final Public Report for Registration No. 4263 if they desire further information on the remainder of the Project. A copy of said Reports can be requested of the Developer. Also, see Exhibit "J" of this public report for more information on the Developer's "Reserved "Rights".**

Each cluster of apartments in the Project, including additional apartments developed on land within the Project designated for "Future Development", is not on a separate subdivided lot, so any litigation involving apartments within one cluster in the Project may affect all apartments in the Project to the extent the common area of the Project is involved. In accordance with the Declaration, the Developer will maintain all-risk insurance and other protections for the Association during the course of development of the additional apartments. The Developer also maintains liability insurance on the land within the Project designated for "Future Development", and, as provided on page 20 of this public report, will pay a fair allocation of property taxes attributable to the undeveloped portion of the "Future Development" area.

As further discussed in Exhibit "J" to this public report, the Developer has the right, but is not obligated, to construct on the Project land and add to the Project up to an additional 28 apartments on the undeveloped portion of the "Future Development" area. The common interest of each apartment will be adjusted with the addition of such additional apartments.

The proposed addition of apartments to the Project, pursuant to the above-mentioned rights reserved to the Developer and the fee owner, is covered by a preliminary condominium public report for Maui Kamaole Phase III - Increment 2 (effective date January 25, 1991) (Condominium Registration No. 2374).

2. Phased Development of Overall Project. The overall Maui Kamaole project is a phased condominium development, presently consisting of three phases. Phase I (Cluster A - 28 apartments) and Phase II (Clusters B and C - 48 apartments) have been completed and Phase III is subject to continuing development. As noted above, Phase III presently consists of the 220 apartments in Clusters D, E, G, H, I, J, K, L and M. **(Again, this Contingent Final Public Report covers only the 20 apartments in Cluster M of Phase III.)** Phase I, Phase II and Phase III are each located on separate subdivided parcels of land. See Exhibit "K," which is a copy of the site plan from the Phase III condominium map, as amended.

3. Merger of Phases. Phase I, Phase II and Phase III have been merged for administrative purposes (an *administrative merger*), but not for ownership purposes. This means that owners of apartments in each phase share the use and expense of common facilities, such as the pools, spa, tennis courts, pavilion building and recreation area, in all phases, but do not jointly own the common elements in all phases. The developer has, however, reserved the right to merge the phases for ownership purposes (an *ownership merger*) later, and has agreed with the Association of Apartment Owners of Maui Kamaole to effect an ownership merger when incremental development of the project is completed, or by April 2, 2010, whichever is sooner. See page 16, page 20a and Exhibits "J" and "L" for more complete information.

IF THERE ARE MATTERS YOU DON'T UNDERSTAND, PLEASE CHECK WITH YOUR SALES AGENT AND YOUR ATTORNEY.

TABLE OF CONTENTS

page

Preparation of this Report 1
Expiration Date of Reports 1
Type of Report 1
Disclosure Abstract 2
Summary of Changes from Earlier Public Reports 2
Table of Contents 3
General Information on Condominiums 4
Operation of the Condominium Project 4

I. PERSONS CONNECTED WITH THE PROJECT 5
Developer | Attorney for Developer | General Contractor
Real Estate Broker | Escrow Company | Condominium Managing Agent

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS
A. Declaration 6
B. Condominium Map (File Plan) 6
C. Bylaws 6
D. House Rules 7
E. Changes to Condominium Documents 7

III. THE CONDOMINIUM PROJECT
A. Interest to be Conveyed to Buyer 8
B. Underlying Land 9
C. Buildings and Other Improvements 10
D. Common Elements, Limited Common Elements, Common Interest 13
E. Encumbrances Against Title 14
F. Construction Warranties 15
G. Status of Construction 16
H. Project Phases 16

IV. CONDOMINIUM MANAGEMENT
A. Management of the Common Elements 17
B. Estimate of Initial Maintenance Fees 17
C. Utility Charges for Apartments 17

V. MISCELLANEOUS
A. Sales Documents Filed with the Real Estate Commission 18
B. Buyer's Right to Cancel Sales Contract 18
C. Additional Information Not Covered Above 20
D. Signature of Developer 21

EXHIBIT A: Description of Buildings
EXHIBIT B: Parking Stalls
EXHIBIT C: Common Elements
EXHIBIT D: Limited Common Elements
EXHIBIT E: Common Interests
EXHIBIT F: Encumbrances Against Title
EXHIBIT G: Estimate of Initial Maintenance Fees and Maintenance Fee Disbursements
EXHIBIT H: Summary of Deposit Receipt, Reservation Agreement and Sales Contract
EXHIBIT I: Summary of Escrow Agreement
EXHIBIT J: Reserved Rights
EXHIBIT K: Condominium Map (Site Plan Only)
EXHIBIT L: Memorandum Regarding Completed Lawsuit

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 owner/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 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: MAUI KAMAOLE ENTERPRISES III, a Hawaii Limited partnership (Name) — Phone: (808) 547-5400 (Business)
c/o Case Bigelow & Lombardi, Suite 2600, Mauka Tower
Business Address
737 Bishop Street, Honolulu, Hawaii 96813

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

2Gs Enterprises, Inc., a Hawaii corporation

4Gs Enterprises, Inc., a Hawaii corporation

(Gordon F. Gibson, President)

Real Estate Broker: Classic Maui Properties, Inc. (Name) — Phone: (808) 879-7008 (Business)
2439 S. Kihei Road, Suite 205A
Business Address
Kihei, Maui, Hawaii 96753

Escrow: Title Guaranty Escrow Services, Inc. (Name) — Phone: (808) 244-7924 (Business)
2103 Wells Street, Suite C
Business Address
Wailuku, Hawaii 96793

General Contractor: Not yet determined (Name) — Phone: (Business)
Business Address

Condominium Managing Agent: Oihana Property Management & Sales, Inc. (Name) — Phone: (808) 244-7684 (Business)
840 Alua Street, #202
Business Address
Wailuku, Maui, Hawaii 96793

Attorney for Developer: Case Bigelow & Lombardi
(Scott D. Radovich/David F. Andrew) (Name) — Phone: (808) 547-5400 (Business)
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:
[ ] Proposed
[x] Recorded - Bureau of Conveyances Document No. 90-040613
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]:

Amendment to Declaration of Condominium Property Regime dated November 7, 1990, recorded as Document No. 90-173490.
Amendment to Declaration of Condominium Property Regime dated May 28, 1991, recorded as Document No. 91-069170.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "E") dated March 15, 1995, recorded as Document No. 95-037339.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "E") acknowledged June 14, 1995, recorded as Document No. 95-086635.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "D") dated April 17, 1996, recorded as Document No. 96-070349.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "D") dated December 16, 1996, recorded as Document No. 96-180020.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "L") dated April 22, 1998, recorded as Document No. 98-060784.
Restated Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "L") dated October 13, 1998, recorded as Document No. 98-156941.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "K") dated May 17, 1999, recorded as Document No. 99-084963.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "L") dated July 12, 1999, recorded as Document No. 99-114764.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "J") dated August 27, 1999, recorded as Document No. 99-143522.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "K") dated December 13, 1999, recorded as Document No. 99-198421.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "M") dated February 1, 2000, recorded as Document No. 2000-014654.

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
[x] Recorded - Bureau of Conveyances Condo Map No. 1311
[ ] 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]:

Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "E") dated March 15, 1995, recorded as Document No. 95-037339.
Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "D") dated April 17, 1996, recorded as Document No. 96-070349.

Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "L") dated April 22, 1998, recorded as Document No. 98-060784.

Restated Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "L") dated October 13, 1998, recorded as Document No. 98-156941.

Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "K") dated May 17, 1999, recorded as Document No. 99-084963.

Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "J") dated August 27, 1999, recorded as Document No. 99-143522.

Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "M") dated February 1, 2000, recorded as Document No. 2000-014654.

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

[x] Recorded - Bureau of Conveyances Document No. 90-040614

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]:

Amended Bylaws of the Association of Apartment Owners of Maui Kamaole recorded as Document No. 95-030198 (Consents thereto given by instruments recorded as Document Nos. 95-030200 through 95-030202, inclusive).

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 [x] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	See §12.1, Bylaws

* 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.

[x] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See Exhibit "J".

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[x] 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: 2777 South Kihei Road
Kihei, Maui, Hawaii 96753

Tax Map Key: (2) 3-9-4:82 (TMK)

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

Land Area: unsubdivided portion of 17.760 [ ] square feet [x] acre(s) Zoning: A-1

See Exhibit "J" regarding the Developer's right to construct on the Project land and add to the Project up to 28 additional apartments, and the Developer's right to subdivide and remove from the Project a portion of the Project land.

Fee Owner: MAUI KAMAOLE ENTERPRISES
Name

c/o Case Bigelow & Lombardi
Address

737 Bishop Street, Suite 2600, Honolulu, Hawaii 96813

Lessor: N/A
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 "cluster" Floors Per Building 2 + loft

[x] Exhibit A contains further explanations.

3. Principal Construction Material:

[x] Concrete [ ] Hollow Tile [ ] Wood

[x] Other plaster, glass, masonry and related materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning			No. of Apts.	Use Permitted By Zoning	
[x] Residential	20	[ ] Yes	[ ] No	[ ] Ohana		[ ] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No	[ ] Industrial		[ ] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No	[ ] Agricultural		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No	[ ] Recreational		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No	[ ] Other:		[ ] Yes	[ ] No

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

[x] Pets Only small dogs, cats, fish and small birds permitted, with prior written consent of the Board.

[x] Number of Occupants: No more than 4 in a 1-bedroom apartment and no more than 6 in a 2-bedroom apartment.

[x] Other: No waterbeds permitted.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 per each upstairs apartment Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
"A"	8	1 / 2	849	212	Lanai
"B"	2	1 / 2	1039	248	Lanai
"E"	8	2 / 2	1052	227	Lanai
"F"	2	2 / 2	1214	265	Lanai

Total Apartments 20 in Cluster M of Phase III. In addition, there are 200 apartments in the 8 existing clusters of Phase III. Further, up to 28 more apartments may be added to Phase III.

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

The floor areas shown are approximate only. 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. The areas of the apartments are likely to vary somewhat. Even apartments of the same type may differ in their actual areas. The Developer makes no representations or warranties as to the floor area of any particular apartment.

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

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

The owner of two or more apartments separated by a party wall, floor or ceiling may alter or remove the intervening wall if structural integrity and soundness of the project is not adversely affected. At the termination of the common ownership of adjacent apartments, the altered or removed walls shall be restored by the owner to substantially the same condition as existed prior to the alteration or removal.

7. Parking Stalls:

Total Parking Stalls: 281#

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)		220					220
Guest		55					55
Unassigned							
Extra for Purchase		6					6
Other:							
Total Covered & Open:		281		0		0	281

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.

Includes 20 parking stalls designated as limited common elements appurtenant to and for the exclusive use of apartments in Cluster M, plus 200 parking stalls for Clusters D, E, G, H, I, J, K and L. (Clusters D, E, G, H, I, J, K and L are part of the Project, but are not covered by this public report.) See Exhibit B to the Amendment to the Project Declaration adding Cluster M for a list of those parking stalls. Also includes 55 parking stalls designated as guest stalls for the Association's use and 6 parking stalls not currently designated as limited common elements appurtenant to or for the exclusive use of any apartment in the Project, which are available for purchase.

[ ] Commercial parking garage permitted in condominium project.

[x] Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.*

[ ] There are no recreational or common facilities.

[x] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [x] Tennis Court (2) [ ] Trash Chute/Enclosure(s)

[x] Other: Spa

* Note: The recreational facilities are for the use of the owners, tenants and guests of all the apartments in the Project (i.e., Clusters D, E, G, H, I, J, K, L and M) and in the Maui Kamaole and Maui Kamaole Phase II condominium projects. Maui Kamaole and Maui Kamaole Phase II were merged with the Project for administrative (but not ownership) purposes. See page 16 and Exhibit "J" of this public report for further information concerning merger.

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

[x] 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):

N/A

11. Conformance to Present Zoning Code

a. [x] 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.

	Conforming	Non-Conforming	Illegal
Uses	x		
Structures	x		
Lot	x		

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:

[x] described in Exhibit C

[ ] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[ ] There are no limited common elements in this project.

[x] The limited common elements and the apartments which use them, as described in the Declaration, are:

[x] described in Exhibit D*.

[ ] as follows:

* Note: Land areas referenced herein are not legally subdivided lots.

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

[x] described in Exhibit E.

[ ] as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated February 9, 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgages	Buyer's interest is made subject and subordinate to such liens (Buyer's interest can be terminated and deposit refunded, less escrow cancellation fee).

NOTE: At the time of the first conveyance of each apartment, each of the Developer's and/or the Fee Owner's lender(s)' lien(s) will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

F. Construction Warranties:

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

1. Building and Other Improvements:

The Developer shall require from the general contractor for the project a written warranty with respect to defects in the apartments and the common elements due to faulty materials and/or workmanship discovered and reported within the applicable warranty period, which warranty will be written in favor of the Association or will otherwise be assigned to the Association. The construction contract will require that, for such period of duration as specified in the project's construction documents, the general contractor will also assist the Association and the apartment owners in enforcing the guarantees and warranties from the contractor's material suppliers, equipment makers or subcontractors furnishing materials, equipment or labor for the project. The construction contract will require that the contractor not exclude or modify any statutory or implied warranties that the Developer may be entitled to under the laws of the State of Hawaii. The Developer makes no warranties itself; however, the Developer will, to the extent it can, assign to each apartment owner any and all warranties given the Developer by the general contractor for the project and by any subcontractors or materialmen, and the Developer will attempt to cooperate with apartment owners during the effective period of any such warranties in asserting any claims under such warranties.

2. Appliances:

Apartment owners shall have the benefit of any manufacturer's or dealer's warranties covering appliances or other consumer products installed in their respective apartments. The Developer makes no warranties as to such appliances or consumer products or those covering the common elements. The Developer will, to the extent it can, assign and/or otherwise pass on to each apartment owner the benefit of such warranties.

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

The Developer estimates that construction of the apartments in Cluster M will commence in approximately March, 2000, and will be completed in approximately November, 2000.

H. Project Phases:

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

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

A. Additional Apartments. The apartments contained in Cluster M are 20 of the "Additional Apartments" added to the Maui Kamaole Phase III project pursuant to the rights reserved to the Fee Owner and the Developer in paragraph N of the Declaration. The Developer has reserved the right and has plans to construct on the Project land and add to the Project up to an additional 28 apartments. However, the Developer does not represent or warrant that such additional apartments will be built. See Exhibit "J" for details of the rights reserved to the Developer and/or the Fee Owner in this regard.

B. Merger. The Developer has completed construction of a total of 76 apartments, together with related common elements, located on approximately 5.559 acres of land adjacent to this Project. These apartments are contained in condominium projects known as "Maui Kamaole" (Phase I) (28 apartments) and "Maui Kamaole Phase II" (48 apartments). The Developer and the Fee Owner have merged such condominium projects with the Maui Kamaole Phase III condominium project for purposes of management, administration and control (but not ownership). See the Declaration of Merger of Condominium Phases, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 221 Page 275, as amended by Amendment of Declaration of Merger of Condominium Phases recorded as Document No. 90-178071, and as further amended by Second Amendment of Declaration of Merger of Condominium Phases recorded as Document No. 95-030197, for details of this phasing and merger, and any additional rights of the Developer with respect to merger of the phases. Merger for ownership purposes may include a legal consolidation of land covered by this Project with any parcel(s) of land covered by phase(s) to be merged. The Developer has agreed with the Association of Apartment Owners of Maui Kamaole to effect an ownership merger when incremental development of the Project is completed, or by April 2, 2010, whichever is sooner. See Sections E.8 and E.9 of the Declaration of Condominium Property Regime, as amended, for easements reserved to the Fee Owner and/or the Developer with respect to the construction, maintenance and operation of the phases. See also page 20a and Exhibits "J" and "L" of this public report for further information concerning both the administrative and ownership mergers.

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:

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

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

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

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

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[ ] None [x] Electricity (__x__ Common Elements only _____ Common Elements & Apartments)
[x] Gas (__x__ Common Elements only _____ Common Elements & Apartments)
[x] Water [x] Sewer [x] Television Cable
[x] Other ___Telephone* and refuse collection_____

*Telephone service for general association purposes (each apartment will be billed separately for individual telephone service).

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[x] Notice to Owner Occupants (requirements met in connection with the issuance of the effective date for the Preliminary Condominium Public Report for Maui Kamaole Phase III - Increment 2 (Registration No. 2374))

[x] Specimen Sales Contract
Exhibit H contains a summary of the pertinent provisions of the sales contract.

[x] Escrow Agreement dated June 8, 1989; confirmation of Escrow Agreement dated May 1, 1995; amendment dated August 30, 1999
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

[x] Other Specimen Apartment Deed

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

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended..
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Declaration of Merger of Condominium Phases; Amendment to Declaration of Merger of Condominium Phases; Second Amendment to Declaration of Merger of Condominium Phases.

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 after 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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 4350 filed with the Real Estate Commission on February 10, 2000.

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

[ ] YELLOW paper stock [ ] WHITE paper stock [ ] PINK paper stock [x] GREEN paper stock

C. Additional Information Not Covered Above

1. Plan of Reorganization. Maui Kamaole Enterprises I ("MKE I"), a Hawaii limited partnership, and Maui Kamaole Enterprises II ("MKE II"), a Hawaii limited partnership, the general partners of the Fee Owner of the Project, filed petitions under Chapter 11 of the Bankruptcy Code on July 10, 1987, commencing bankruptcy reorganization proceedings in the United States of Bankruptcy Court, District of Hawaii (Bk. No. 87-00557 and Bk. No. 87-00558). Neither the Fee Owner nor the Developer of the Project were Debtors in these Chapter 11 proceedings.

By Order Confirming Amended Joint Plan of Reorganization filed on December 23, 1987, the Bankruptcy Court confirmed an Amended Joint Plan of Reorganization filed by MKE I and MKE II, which was further modified by Modifications to Amended Joint Plan of Reorganization, by Order Granting Motion to Approve Modifications to Amended Joint Plan filed on January 13, 1989, by Order Granting Debtor's Motion to Approve Modifications to Amended Joint Plan of Reorganization filed on April 14, 1989, and by Order Granting Debtors' Motion to Approve Modifications to Amended Joint Plan of Reorganization filed on February 15, 1990 (the "Plan of Reorganization"). The Plan of Reorganization authorized and directed MKE I and MKE II to do such things as necessary to consummate the Plan of Reorganization, and closed the MKE I and MKE II Chapter 11 proceedings.

In part relevant to this Project (referenced in the Plan of Reorganization as "Phase IV"), the Plan of Reorganization provides for the development of the Project as reflected in the Project documents and as reported in this Public Report. Copies of the Amended Joint Plan of Reorganization, Modifications to Amended Joint Plan of Reorganization, Order Confirming Amended Joint Plan of Reorganization, Order Granting Motion to Approve Modifications to Amended Joint Plan of Reorganization, Order Granting Debtor's Motion to Approve Modifications to Amended Joint Plan of Reorganization and Order Granting Debtors' Motion to Approve Modification to Amended Joint Plan of Reorganization are on file at the Real Estate Commission and available for the purchaser's review.

2. Access. Legal access to the Project land from Kihei Road is provided by means of Easement 1 across Lot 4-A adjacent to the Project, and State of Hawaii Grant of Easement No. S-4439 across certain State-owned land adjacent to Lot 4-A and the Project. An easement for access and utility purposes across Easement 1 is a common element of the Project. Easement No. S-4439 grants to the Fee Owner an easement and right-of-way for access and utility purposes across the State-owned land for a term of 55 years, up to and including June 23, 2023. The Fee Owner has assigned its interest in Easement S-4439 to American Trust Co. of Hawaii, Inc., as Trustee of Land Trust No. 90-02070. A portion of the beneficial interest in the Land Trust has been conveyed by the Fee Owner to the Association of Apartment Owners of Maui Kamaole Phase III, to be held by the Association as a common element of the Project. Such beneficial interest entitles all owners of units in the Project to non-exclusive use and possession of Easement S-4439. The Fee Owner has attempted and may continue to attempt to obtain State conversion of Easement S-4439 to a fee simple perpetual grant of easement. If converted, the fee simple interest in the grant of easement will be conveyed by the Fee Owner to the Land Trust. The State has indicated that it has no objections to and will consent to the conversion to a perpetual easement. Should the easement remain leasehold, the Association will need to request an extension to Grant of Easement No. S-4439 prior to its expiration in 2023. A copy of Grant of Easement No. S-4439 and the Land Trust Agreement creating Land Trust No. 90-02070 is on file at the Real Estate Commission and is available for the purchaser's review.

3. Maintenance Fees. The estimate of initial maintenance fees set forth on page 1 of Exhibit "G" attached hereto provides such estimate only for the 20 apartments of Cluster M covered by this Public Report. However, the estimates of maintenance fee disbursements set forth on page 2 of Exhibit "G" attached hereto (dated August 27, 1999) relates to the maintenance and operation of the entire Maui Kamaole Phase III project (including all nine clusters currently part of the Project and the area designated for "Future Development" on the Condominium Map). Upon the construction and addition of additional apartments, pursuant to rights reserved to the Developer in the Declaration, the common interest for each apartment in the Project will be adjusted and the common expenses of the Project will be allocated in accordance with paragraph M of the Declaration. The Developer has merged this Project with additional phases (see page 20a of this Public Report) for administration and use purposes and, as such, the estimates of maintenance fee disbursements described in Exhibit "G" reflect the merger of phases and are allocated pursuant to the Declaration of Merger, as amended, a copy of which is on file with the Real Estate Commission.

4. Property Taxes. The estimates of maintenance fee disbursements set forth in Exhibit "G" attached hereto (dated August 27, 1999) do not include the purchaser's obligation for payment of real property taxes. Property taxes will be payable by each purchaser based upon the assessed value of the lands comprising the Maui Kamaole Phase III project (including portions of the area designated for "Future Development" on the Condominium Map but not yet developed with additional apartments), and the purchaser's percentage common interest in the common elements of the Project. The Developer will subsidize the Association of Apartment Owners of Maui Kamaole Phase III by an amount equal to what the Developer determines is a fair allocation of property taxes paid by apartment owners but attributable to the portion of undeveloped land reserved by the Developer for future development. The subsidy may change substantially as the assessed value of the Project lands changes and as the Developer incrementally develops the area reserved for future development pursuant to the Declaration.

5. Settlement Agreement. Development of additional apartments (including the apartments in Clusters E, D, L, K, J and M) in the Project, and maintenance of portions of the common elements of the Project, are subject to a Settlement Agreement dated November 7, 1988, between Maui Kamaole Enterprises I, Maui Kamaole Enterprises II, the County of Maui and others. In this regard, a Declaration of Restrictions has been recorded as an encumbrance to the property. The Declaration of Restrictions provides, among other things, for the creation of a buffer and setback area on the property adjacent to certain neighboring properties, and certain landscaping and other restrictions within such setback area. Copies of the Settlement Agreement and the Declaration of Restrictions are on file with the Real Estate Commission and available for the purchaser's review.

6. Merger of Phases; Use of Common Elements: The Maui Kamaole Phase III condominium project has been merged for administrative purposes (an "administrative merger"), but not for ownership purposes, with the Maui Kamaole (Phase I) condominium project (Cluster "A") and the Maui Kamaole Phase II condominium project (Clusters "B" and "C", and including the pool and recreation building), located on land adjacent to Maui Kamaole Phase III, pursuant to and in accordance with the Declaration of Merger of Condominium Phases Maui Kamaole, as amended (the "Declaration of Merger"), recorded in the Bureau of Conveyances of the State of Hawaii. Copies of the Declaration of Merger, and the certificates of merger by which the mergers were effected, are on file at the Real Estate Commission and available for the Buyer's review. Pursuant to the administrative merger, use of the common elements, the common expenses, and management of the affairs of Maui Kamaole Phase III and of the Maui Kamaole (Phase I) and Maui Kamaole Phase II projects are shared, and the administration of Maui Kamaole Phase III and of the Maui Kamaole (Phase I) and Maui Kamaole Phase II projects have been united under one association of apartment owners, but the ownership interests of the apartment owners in Maui Kamaole Phase III and in the Maui Kamaole (Phase I) and Maui Kamaole Phase II projects have not been altered or affected. In other words, an apartment owner owning an apartment in this Project, while having the right to use the common elements of the Maui Kamaole (Phase I) and Maui Kamaole Phase II projects, does not have an ownership interest in the common elements of either the Maui Kamaole (Phase I) project or the Maui Kamaole Phase II project. The Developer has reserved the right to further merge Maui Kamaole Phase III with other condominium projects which may be located on lands adjacent to or in the vicinity of Maui Kamaole Phase III, as provided in the Declaration of Merger.

The Developer also has reserved the right to merge Maui Kamaole Phase III with other condominium projects (including Maui Kamaole (Phase I) and Maui Kamaole Phase II), located or which may be located on lands adjacent to or in the vicinity of Maui Kamaole Phase III, for ownership purposes (an "ownership merger"), as provided in the Declaration of Merger. An ownership merger would provide for the common ownership of the Project and the other or additional phases. Upon an ownership merger, all of the apartments in the merged phases would be treated as though they were all included in a single condominium project (the "merged project"), all common elements of the merged phases would become the common elements of the merged project, and the common interest appurtenant to each apartment would be altered from the common interest set forth in Exhibit E to the common interest set forth in a "certificate of ownership merger," as provided in the Declaration of Merger. An ownership merger may also include a legal consolidation of the land underlying and included in Maui Kamaole Phase III with any parcel(s) of land underlying and included in any of the additional phases. **An ownership merger has not occurred with respect to Maui Kamaole Phase III and the Maui Kamaole (Phase I) and Maui Kamaole Phase II projects, and, except as provided in the 1998 Settlement Agreement discussed in Exhibit L to this public report, the Developer makes no representations when or if such an ownership merger will occur.** Each prospective purchaser should carefully review the applicable provisions of the Declaration of Condominium Property Regime, the Declaration of Merger and the certificates of merger regarding the merger of Maui Kamaole Phase III with the Maui Kamaole (Phase I) and Maui Kamaole Phase II projects, and the rights reserved to the Developer relating to development in phases and the merger of such phases. Such development and merger of phases affects, among other things, the use of the common elements of the Maui Kamaole Phase III (to the extent that apartment owners in the other or additional phases have the right to use the common elements of Maui Kamaole Phase III to the same extent as a purchaser of an apartment in Maui Kamaole Phase III), the purchaser's voting rights, and possibly the purchaser's ownership interest in Maui Kamaole Phase III and in the other or additional phases.

See Sections E.8 and E.9 of the Declaration of Condominium Property Regime, as amended, for easements reserved to the Fee Owner and/or the Developer with respect to the construction, maintenance, operation and sale of the phases.

7. Completed Lawsuit. There was a lawsuit between the developer and the Association of Apartment Owners of Maui Kamaole regarding the use of certain office space within the Recreation Building located within Maui Kamaole Phase II, as well as various other issues. All of the claims in the lawsuit have been resolved and the lawsuit has been dismissed by agreement of the parties. The memorandum attached as Exhibit L to this public report provides additional information on the lawsuit and its settlement, including the Developer's agreement with the Association to effect an ownership merger when incremental development of the project is completed, or by April 2, 2010, whichever is sooner.

8. Effect of Contingent Final Report. As long as the Developer submits to the Commission all the documents mentioned in the first sentence of the STATUTORY NOTICE on page two of this Public Report and the Commission issues an effective date for the Final Public Report before the expiration of this Contingent Final Report, a purchaser may be compelled to proceed with closing under a purchase contract. In the case of sales made on the basis of a Contingent Final Public Report, there is no new statutory 30-day right of rescission after the purchaser is informed, via a disclosure statement, that an effective date for a Final Public Report has been issued by the Commission.

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

MAUI KAMAOLE ENTERPRISES III
Printed Name of Developer

By 2Gs ENTERPRISES, INC.
Its General Partner

By: _____ February 10, 2000
Duly Authorized Signatory Date

Gordon F. Gibson, President
Printed Name & Title of Person Signing Above

Distribution:

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

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The portion of the Project covered by this public report (Cluster M (Melia)) shall contain one cluster, consisting of 5 three-level "modules". Each module shall contain four residential apartments: two single-level apartments at ground level and two bi-level apartments above. The modules will be constructed principally of concrete, masonry, plaster, wood, glass and related materials, and connected by party walls or trellises to form the cluster.

EXHIBIT "B"

PARKING STALLS

Each apartment shall have appurtenant to it the exclusive right to use the parking stall designated below, located in the parking area as shown on the Condominium Map. The Developer hereby reserves the right for itself, its successors and assigns, by way of an amendment to the Declaration of Condominium Property Regime, to sell, convey or otherwise designate any parking stall not specifically designated herein to be appurtenant to and for the exclusive use of any other apartment in the Project.

CLUSTER "M"

Apartment No.	Parking Stall No.
M-101	L-31
M-102	L-30
M-103	L-29
M-104	L-28
M-105	L-25
M-106	L-24
M-107	L-27
M-108	L-26
M-109	L-23
M-110	L-22
M-201	L-21
M-202	L-20
M-203	L-19
M-204	L-12
M-205	L-18
M-206	L-13
M-207	L-17
M-208	L-14
M-209	L-16
M-210	L-15

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the Project (including Cluster M) shall specifically include, but are not limited to, the following:

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

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

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

4. All ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.

5. The planter box areas adjacent to the lower floor of each of the two-bedroom apartments, as shown on the Condominium Map.

6. The single story "pavilion building" and adjacent swimming pool and spa, as shown on the Condominium Map.

7. The two tennis courts, as shown on the Condominium Map.

8. That portion of the Beneficial Interest in Land Trust No. 90-02070 transferred to the Association of Apartment of Owners of Maui Kamaole Phase III pursuant to unrecorded Land Trust Agreement regarding State of Hawaii Grant(s) of Easement for access purposes serving the project land.

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

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain apartments in the Project (including those in Cluster M) shall have appurtenant thereto easements for the use of certain limited common elements as follows:

1. Courtyards. The walled, open-air courtyard adjacent to the bedroom of certain ground level apartments, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of each such apartment.

2. Atria. The atrium area adjacent to the lower floor of each of the two-bedroom apartments, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of each such apartment.

3. Parking Stalls. Each apartment shall have appurtenant to it the exclusive right to use the parking stall designated in Exhibit "B" attached hereto, located in the parking area as shown on the Condominium Map.

EXHIBIT "E"

COMMON INTERESTS OF APARTMENTS IN CLUSTER M*
(FIGURES REFLECT ADDITION OF CLUSTER M TO EXISTING CLUSTERS D, E, G, H, I, K, L and J)

Apartment Type	Apartment No.	Undivided Common Interest of Each Apartment
"A"	M-101; M-102; M-103; M-104; M-107; M-108; M-109; M-110	0.003903 (0.3903%)
"B"	M-105; M-106	0.004733 (0.4733%)
"E"	M-201; M-202; M-203; M-204; M-207; M-208; M-209; M-210	0.004705 (0.4705%)
"F"	M-205; M-206	0.005441 (0.5441%)

Note: The total of all the common interests listed above does not equal 1.0000 (100.00%), because the 200 apartments in Clusters D, E, G, H, I, J, K and L, which are part of the Project, are not covered by this public report. The total of the common interests appurtenant to the apartments in Clusters D, E, G, H, I, J, K and L is 0.910788 (91.0788%)

* The common interests for the apartments will change upon the addition of apartments to the Project and/or upon an ownership merger of this Project with one or more other condominium projects. See Exhibit "J" to this Public Report for further information concerning the addition of apartments and merger.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes that may be due and owing and property tax liens that may be filed. Check with the Tax Office for the latest information.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Easement (15 feet wide) for waterline purposes in favor of the Department of Water Supply over, under, across and through a portion of the land herein described, containing an area of 9,949 square feet, more or less, as per survey of Robert M. Tanaka, Registered Professional Surveyor, Certificate No. 1754, dated May 30, 1989.

4. Grant dated April 26, 1972, in favor of the Board of Water Supply of the County of Maui, a board duly created and existing under the laws of the State of Hawaii, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 8292, Page 110, granting an easement for road and utility purposes over, under, across and through a portion of the land described herein.

5. * Grant in favor of Maui Ocean View Associates, a Hawaii limited partnership, dated June 24, 1975, recorded in Liber 13338 at Page 646; granting a non-exclusive easement over Easement "A", containing an area of 4,492 square feet, more or less, for access and utility purposes, for a term of 55 years commencing June 24, 1975, up to and including June 23, 2023; said Easement "A" is more particularly described therein.

Said Grant was amended by unrecorded instrument dated June 20, 1984.

Said Grant was assigned to American Trust Co. of Hawaii, Inc., as trustee under that certain unrecorded Land Trust Agreement dated September 16, 1988, and Land Trust No. 90-02070, by instrument dated October 5, 1988, recorded in Liber 22672 at Page 32.

-Note:- Bishop Trust Company, Limited, a Hawaii corporation, and American Trust Co. of Hawaii, Inc., a Hawaii corporation, merged with and into Hawaiian Trust Company, Limited, a Hawaii corporation, by instrument dated July 7, 1994, effective July 1, 1994, filed as Land Court Document No. 2163409, recorded as Document No. 94-116141.

6. Declaration of Merger of Condominium Phases Maui Kamaole dated June 1, 1988, recorded in Liber 22185, Page 275, as amended by Amendment to Declaration of Merger of Condominium Phases recorded as Document No. 90-178071, and further amended by Second Amendment to Declaration of Merger of Condominium Phases recorded as Document No. 95-030197. Certificate of Merger Maui Kamaole and Maui Kamaole Phase III recorded as Document No. 91-021921.

7. Easement 3 (15 feet wide) for drainage purposes in favor of Lot 3-A-2, over, under, across and through a portion of the land described herein, containing an area of 780 square feet, more or less, as per survey of Robert M. Tanaka, Registered Professional Surveyor, Certificate No. 1754, dated May 30, 1989.

8. The terms and provisions of that certain Agreement for the Installation of Water Meters dated July 5, 1989, made by and between Maui Kamaole Enterprises, a Hawaii general partnership, as "Developer", and the Department of Water Supply of the County of Maui, as "Department", recorded in Liber 23562, Page 213.

9. Declaration of Condominium Property Regime of Maui Kamaole Phase III dated March 30, 1990, recorded as Document No. 90-046013, as amended by Amendment to Declaration of Condominium Property Regime recorded as Document No. 90-173490, and further amended by Amendment to Declaration of Condominium Property Regime recorded as Document No. 91-069170, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "E") recorded as Document No. 95-037339, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate -- Cluster "E"), recorded as Document No. 95-086635, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "D") dated April 17, 1996, recorded as Document No. 96-070349, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "D") recorded as Document No. 96-180020, and further amended by Amendment to Declaration of Condominium Property Regime of Maui

Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "L") recorded as Document No. 98-060784, and further amended by Restated Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment of Condominium Map No. 1311 (Addition of Cluster "L") recorded as Document No. 98-156941, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III and Amendment to Condominium Map No. 1311 (Addition of Cluster "K") recorded as Document No. 99-084963, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "L"), recorded as Document No. 99-114764, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III (Addition of Cluster "J"), recorded as Document No. 99-143522, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III ("As Built" Certificate - Cluster "K") dated December 13, 1999, recorded as Document No. 99-198421, and further amended by Amendment to Declaration of Condominium Property Regime of Maui Kamaole Phase III (Addition of Cluster "M"), recorded as Document No. 2000-014654.

10. Condominium Map No. 1311, as amended.

11. Bylaws of the Association of Apartment Owners of Maui Kamaole Phase III dated March 30, 1990, recorded as Document No. 90-046014, as amended by Amended Bylaws of the Association of Apartment Owners of Maui Kamaole, recorded as Document No. 95-030198 (consents thereto given by instruments recorded as Document Nos. 95-030200 through 95-030202, inclusive).

12. Grant dated March 28, 1990, in favor of Maui Electric Company, Limited, recorded in the Bureau of Conveyances as Document No. 90-121964, granting an easement for utility purposes over, under, across and through the land described herein.

13. Declaration of Restrictions dated September 27, 1991, recorded as Document No. 92-002100.

14. Grant of Easement dated November 30, 1994, in favor of the Board of Water Supply of the County of Maui, recorded in the Bureau of Conveyances as Document No. 95-011697, over Easement 8, area 5,516 square feet, for waterline purposes.

15. Grant of Easement dated April 3, 1996, in favor of the Board of Water Supply of the County of Maui, recorded in the Bureau of Conveyances as Document No. 96-116453, over, under, across and through a portion of the land, to reconstruct, maintain, operate, repair and remove a water pipeline and related appurtenances.

16. The terms and provisions of that certain Broadband Easement and Right of Entry Agreement, dated February 1, 1997, made by and between TCI of Hawaii, Inc. and AOAO Maui Kamaole, recorded as Document No. 97-100483.

17. Mortgage dated June 30, 1998, made by Maui Kamaole Enterprises, a Hawaii general partnership, as Mortgagor, in favor of Maui Kamaole Enterprises (B. C.) Limited Partnership, a limited partnership registered under the laws of British Columbia, as Mortgagee, recorded as Document No. 98-144745, as amended by instrument dated September 9, 1999, recorded as Document No. 99-157955, which mortgage was assigned to Canadian Imperial Bank of Commerce, a bank chartered under the laws of the Canada, "Bank", by Assignment; Acknowledgment and Agreement of MKE III and MKE dated June 30, 1998, recorded as Document No. 98-144752.

18. Assignment of Development Rights dated June 30, 1998, recorded as Document No. 98-144746, by and between Maui Kamaole Enterprises III, a Hawaii limited partnership, and Maui Kamaole Enterprises, a Hawaii general partnership, as Assignor, and Maui Kamaole Enterprises (B.C.) Limited Partnership, a limited partnership registered under the laws of British Columbia, as Assignee, as amended by instrument dated September 9, 1999, recorded as Document No. 99-157955.

19. Assignment of Sales Contracts, Escrow Deposits and Escrow Agreement dated June 30, 1998, recorded as Document No. 98-144747, by and between Maui Kamaole Enterprises III, a Hawaii limited partnership, and Maui Kamaole Enterprises, a Hawaii general partnership, as Assignor, and Maui Kamaole Enterprises (B.C.) Limited Partnership, a limited partnership registered under the laws of British Columbia, as Assignee, as amended by instrument dated September 9, 1999, recorded as Document No. 99-157955.

The foregoing Items 18 and 19 were assigned to Canadian Imperial Bank of Commerce, a bank chartered under the laws of Canada by Assignment; Acknowledgment and Agreement of MKE III and MKE dated June 30, 1998, recorded as Document No. 98-144752.

20. Mortgage dated June 30, 1998, made by Maui Kamaole Enterprises, a Hawaii general partnership, as Mortgagor, in favor of Spuraway Holdings Ltd., a British Columbia corporation, as Mortgagee, recorded as Document No. 98-144753, as amended by instrument dated September 9, 1999, recorded as Document No. 99-157956.

21. Assignment of Development Rights dated June 30, 1998, recorded as Document No. 98-144754, by and between Maui Kamaole Enterprises III, a Hawaii limited partnership, and Maui Kamaole Enterprises, a Hawaii general partnership, as Assignor, and Spuraway Holdings Ltd., a British Columbia corporation, as Assignee.

* Item 5 was not listed in Title Guaranty's February 9, 2000 title report but has been disclosed by the developer as an additional encumbrance.

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES FOR APARTMENTS IN CLUSTER M
AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS FOR CLUSTERS D, E, G, H, I, J, K, L AND M

Apartment Type	Apartment No.	Undivided Common Interest of Each Apartment*	Monthly Fee (Per Apartment)	Yearly Total (Per Apartment)
"A"	M-101; M-102; M-103; M-104; M-107; M-108; M-109; M-110	0.003903 (0.3903%)	$322.85	$3,874.18
"B"	M-105; M-106	0.004733 (0.4733%)	$391.50	$4,698.05
"E"	M-201; M-202; M-203; M-204; M-207; M-208; M-209; M-210	0.004705 (0.4705%)	$389.19	$4,670.26
"F"	M-205; M-206	0.005441 (0.5441%)	$450.07	$5,400.82

THE REAL ESTATE COMMISSION HAS NOT REVIEWED THE ESTIMATES OF MAINTENANCE FEE ASSESSMENTS AND DISBURSEMENTS FOR THEIR ACCURACY OR SUFFICIENCY.

*Note: The total of all the common interests listed above does not equal 1.0000 (100.00%), because the 200 apartments in Clusters D, E, G, H, I, J, K and L, which are part of the Project, are not covered by this public report. The total of the common interests appurtenant to the apartments in Clusters D, E, G, H, I, J, K and L is 0.910788 (91.0788%). The common interests for the apartments will change upon the addition of apartments to the Project and/or upon an ownership merger of this Project with one or more other condominium projects. See Exhibit "J" to this Public Report for further information concerning the addition of apartments and merger.

Estimate of Maintenance F ' Disbursements:

MAUI KAMAOLE PHAS III - INCREMENT 2 (Clusters D, E, G, H, I, J, K, L. & M) Utilities and Services	Monthly	X 12 months = Yearly Total
Air Conditioning	$0	$0
Electricity		
[ ] common elements only	$2,122	$25,464
[ ] common elements and apartments	$0	$0
Gas		$0
Refuse Collection	$397	$4,764
Telephone	$1,124	$13,488
Water and Sewer	$140	$1,680
	$9,856	$118,272
Maintenance, Repairs and Supplies		
Building	$3,336	$40,032
Grounds	$1,814	$21,768
Management		
Management Fee	$3,345	$40,140
Payroll and Payroll Taxes	$19,014	$228,168
Office Expenses	$188	$2,256
Insurance		
Fire/Liability	$5,985	$71,820
TDI/Workers' Comp.	$1,814	$21,768
Health Insurance	$1,563	$18,756
Reserves	$15,722	$188,664
Taxes and Government Assessments	$473	$5,676
Audit Fees	$397	$4,764
Other -		
Managers Apartment Expense	$659	$7,908
Cable T.V.	$3,000	$36,000
Auto Expense	$272	$3,264
Legal	$10,773	$129,276
Pest Control	$624	$7,488
Miscellaneous	$100	$1,200
TOTAL	$82,718	$992,616

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

Dick Weaver, CPM

Date: August 27, 1999

EXHIBIT "H"

SUMMARY OF DEPOSIT RECEIPT, RESERVATION AGREEMENT AND SALES CONTRACT

The Deposit Receipt, Reservation Agreement and Sales Contract (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

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

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

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

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

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

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

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

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

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

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

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

NOTE: As to the purchaser's right of rescission, see item 8 on page 20b of this Report.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

(a) Escrow will let the purchaser know when payments are due.

(b) Escrow will arrange for the purchaser to sign all necessary documents.

(c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

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

EXHIBIT "J"

RESERVED RIGHTS

ADDITIONAL APARTMENTS

The apartments contained in Cluster M are twenty of the "additional apartments" added to the Maui Kamaole Phase III project pursuant to the rights reserved to the Fee Owner and the Developer in paragraph N of the Declaration. At the Developer's discretion, up to an additional 28 apartments may be developed and added to the Maui Kamaole Phase III project in the area designated "Future Development" on the Condominium Map. At the Developer's discretion, such additional apartments may be developed and added to the Project on a cluster-by-cluster basis. The Declaration and the Condominium Map will be further amended upon the development of any such additional apartments to reflect the addition of such apartments to the Project. Each time additional apartments are added to the Project, the common interest for each apartment in the Project will be adjusted. The percentage common interest of each apartment in the amended project will be determined by dividing the total net floor area of each apartment (including the lanai) in the amended project by the aggregate of the total net floor areas of all apartments (including all lanais) in the amended project. Upon recordation of the amendment(s) to the Declaration and the Condominium Map, all of the apartments in the Project, including the additional apartments added to the Project, shall have the right to use the common elements of the Project to the same extent and subject to the same limitations as are imposed upon an apartment as though the amended project had been developed initially as one project.

See paragraph N of the Declaration for details regarding the Developer's and the Fee Owner's right to construct and add to the Project the additional apartments.

RESERVATION TO SUBDIVIDE AND REMOVE LAND FROM THE PROJECT

The Developer and the Fee Owner have reserved the right, but are not obligated, to subdivide and remove from the Project a portion of the Project land (the "Removable Land"), shown on the Condominium Map as the area designated "Future Development." The Declaration and the Condominium Map would be amended upon any such subdivision to remove the Removable Land from the Project. Upon such subdivision and removal, title to the Removable Land will be vested solely in the Fee Owner and no apartment owner or apartment purchaser will have any legal or equitable interest in the Removable Land.

See paragraph O of the Declaration for details regarding the Developer's and the Fee Owner's right to subdivide and remove from the project the Removable Land.

RESERVATION TO DEVELOP INCREMENTALLY

The Developer has reserved the right, but is not obligated, to construct, sell and convey the apartments in the Project, including the additional apartments, incrementally on a cluster-by-cluster basis. Upon the completion of each cluster, the Developer may obtain a certificate of occupancy for the apartments in such cluster and thereupon transfer ownership of these apartments to apartment purchasers. In connection with this incremental development, the Developer has the right to enter upon the Project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments to the Project.

See paragraph M of the Declaration for details regarding the Developer's right to develop the Project in increments.

RESERVATION TO MERGE PHASES

The Developer and the Fee Owner have reserved the right, but are not obligated, to effect the merger of additional condominium projects with this Project. In the Developer's and/or the Fee Owner's discretion, any such merger shall be for administrative purposes only (an "administrative merger") or for both administrative purposes and for purposes of allocating ownership of common element areas in the projects to be merged among all of the apartment owners of the merged project. In the event of merger for purposes of allocating ownership interest (an "ownership merger"), each apartment owner's common interest appurtenant to his apartment will be recalculated and may be reduced to reflect that proportion which his apartment's floor area bears to the total floor area for the entire merged project. The Developer and the Fee Owner have the right to execute and record amendments to the Declaration and other documents to effect such

a merger, including but not limited to a consolidation of the land covered by this Project with any other parcel(s) of land in connection with a merger, in accordance with the terms and provisions of the Declaration of Merger of Condominium Phases, as amended by Amendment to Declaration of Merger of Condominium Phases and Second Amendment to Declaration of Condominium Phases, copies of which are on file with the Real Estate Commission. See Exhibit "L" of this public report regarding the Developer's agreement with the Association to effect an ownership merger when incremental development of the Project is completed, or by April 2, 2010, whichever is sooner. If you need further information concerning merger of phases, you are urged to consult your attorney prior to purchasing an apartment.

See Sections E.8 and E.9 of the Declaration for easements reserved to the Fee Owner and/or the Developer with respect to the construction, maintenance, operation and sale of the phases. See also page 20a of this public report for further information concerning merger.

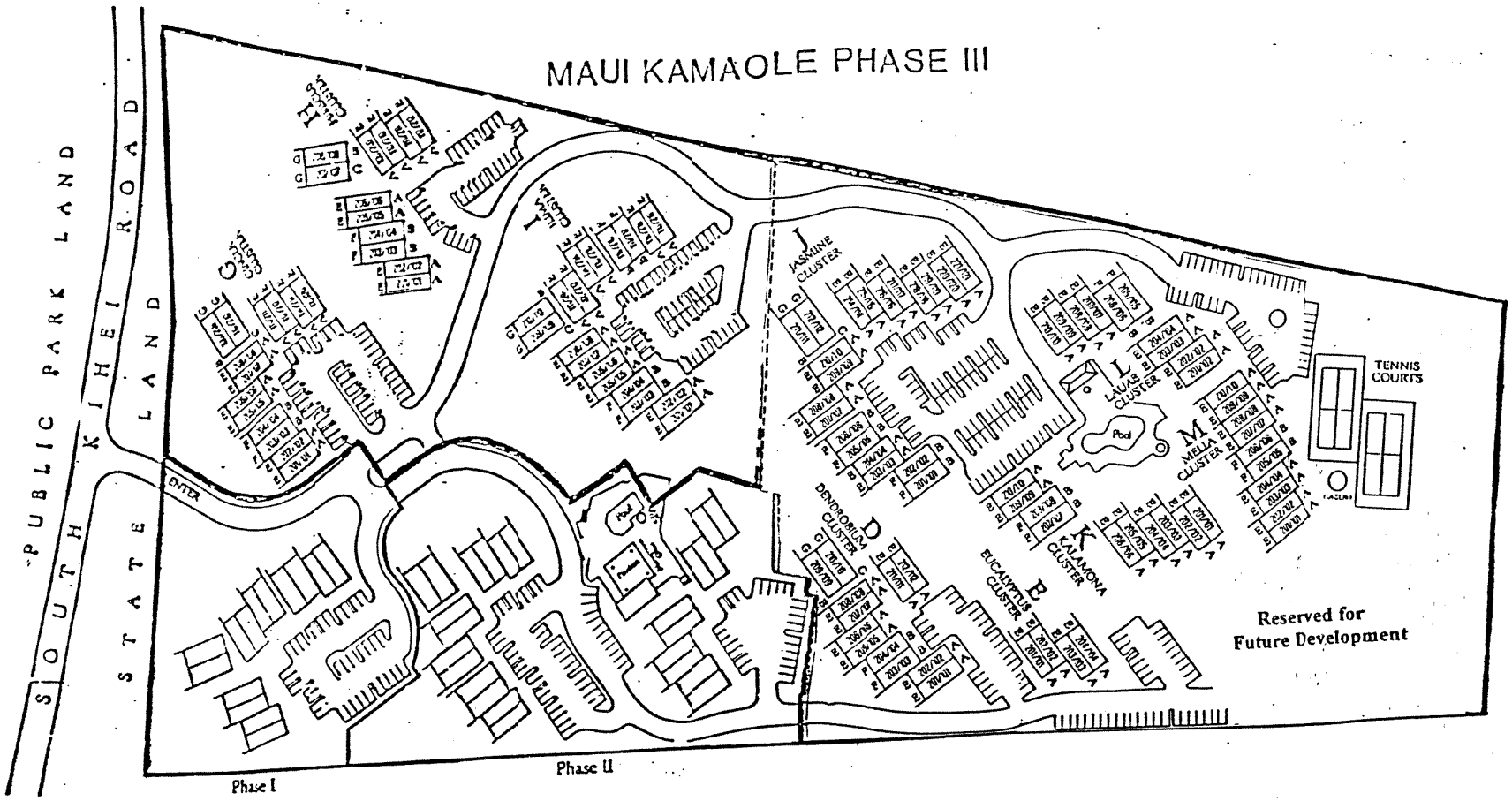

EXHIBIT "K"
(Page 1 of 1)

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MEMORANDUM

DATE: OCTOBER 12, 1998

TO: MAUI KAMAOLE PHASE III PURCHASERS

FROM: MAUI KAMAOLE ENTERPRISES III

RE: DISCLOSURE OF PAST LITIGATION WITH ASSOCIATION OF APARTMENT OWNERS

From June 16, 1995 through June 5, 1998, there was a lawsuit pending in the Second Circuit Court on Maui, Civil No. 95-0458(1), between the Developer and the Association of Apartment Owners of Maui Kamaole. The Developer filed the lawsuit on June 16, 1995 for the limited purpose of recovering use of a small office in the Recreation Building which is reserved by the Condominium Documents to the Developer for use as a sales office until all of the units in the completed Project are sold. Acting through its Board of Directors, the Association then filed a Counterclaim which added numerous claims to the lawsuit, including a claim of that the administrative merger of the several phases of the Project was invalid, that payment of additional amounts were due from the Developer for real property taxes allegedly attributable to the undeveloped land in Phase III, and that there were alleged deficiencies in the design and construction of the Project.

All of the claims have been resolved and the lawsuit was dismissed by agreement of the Parties on May 20, 1998. Some of the claims were resolved by the Court. Specifically, the Court decided that the Developer is entitled to use the sales office in the Recreation Building until all of the apartments in the completed Project have been sold. The Court also decided that the administrative merger of the various phases of the Project was valid. Administrative merger means that the several phases have been merged for administrative purposes, but not for ownership purposes, so that the owners of apartments in each phase share the use and expenses of common facilities, such as the pool and recreation areas, but do not jointly own the common elements in all phases of the Project. A single Association, through its Board of Directors, manages all of the phases.

The rest of the claims were resolved by the parties entering into a Settlement Agreement. Pursuant to that Agreement, the Developer has agreed to do several things. First, the Developer has agreed to pay for certain limited repairs to the Permatek Shake roofs for Clusters A, B, C, G, H, I and E of the Project. Second, the Developer has agreed to effect an ownership merger of all of the phases of the Project when incremental development of the Project is completed or by April 2, 2010, whichever is sooner. Third, the Developer has agreed to apply to the State to convert the easement for the entrance to the Project into a perpetual easement and to transfer that easement to the Association. Fourth, the Developer has agreed to undertake certain minor repairs to various buildings, all of which have now been completed.

The condominium documents for Phase III provide that the Developer will pay to the Association a real property tax subsidy for any property taxes paid by the Phase III apartments owners that are attributable to the undeveloped land in that Phase which is reserved for future development. Since the first increment of Phase III was completed, the Developer has paid $48,414 to the Association for the tax subsidy, which monies the Association credited to the owners of apartments in Phase III when the payments were made. As the result of the Board's Counterclaim, the Developer determined that the undeveloped land has not affected the real property taxes for the apartments in Phase III and that the monies it paid to the Association were not due. Through the Settlement Agreement, the Association has, in effect, acknowledged that the subsidies paid to the Association were not due. Instead of refunding those monies, the Association has further agreed that if the real property taxes for apartments in Phase III are, at sometime in the future, affected by the undeveloped land, the Developer has a credit against those additional taxes of $48,414 for the monies the Developer has already paid to the Association.

Other agreements by the Association include its agreement to pay one-half of the costs over $5,000 of obtaining the perpetual easement from the State. In addition, the Association has, on behalf of itself and the owners of units in the Project, agreed to release the Developer and other persons involved with the design and construction of the Project from any claims that the Association made or could have made in the lawsuit.

With those agreements, the lawsuit was concluded and dismissed by the parties on May 20, 1998. By not appealing the Court's decisions on the sales office and administrative merger issues, furthermore, the Association has accepted the Court's judgment which is now final and binding. Purchasers are advised that this Disclosure only generally describes the claims that were the subject of the lawsuit and the bases on which those claims were resolved by the Court or by the Settlement Agreement. Purchasers wishing further detail are encouraged to review the Judgment entered by the Court on June 5, 1998 and the Stipulation for Dismissal and Settlement Agreement that were filed with the Court on May 20, 1998.