

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KCOM CORP. and VALENTINE PEROFF, JR., as Trustee
Address 99-1379 Koaha Place, Aiea, Hawaii 96701

Project Name (*): KIHEI COMMERCIAL CONDOMINIUM II
Address: 300 Ohukai Road, Kihei, Maui, Hawaii 96753

Registration No. 4680 (conversion)

Effective date: October 24, 2001
Expiration date: November 24, 2002

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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Final Public Report dated: July 30, 2001
[X] Supplementary Public Report dated:
And [X] 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 Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

- a. Page 6 and Exhibit "F" adds the recent filings of the Amendment of Declaration of Condominium Property Regime and Amendment of By-Laws of the Association of Owners.
- b. Revision to Paragraph 6, Permitted Alterations to Apartments, on Page 11, now states that no consent or approval of other apartment owners, Board of Directors or Association of Apartment Owners for an apartment owner to add or alter its apartment or its limited common elements appurtenant to its apartment is required.
- c. Revision to Paragraph 3 on Page 11(a) now specifically excludes "use of self-storage and cold storage facilities" from the definition of "time-sharing interest".
- d. Revision to Paragraph C, Utility Charges for Apartments, on Page 17, now adds each apartment owner's responsibility for Easement 3 as stated in the Roadway Maintenance Agreement (Easement 3).
- e. Addition of Paragraph C4 on Page 20 discloses the exclusive rights and responsibilities of the owner of Apartment B in the Unilateral Agreement dated May 18, 1999.
- f. Exhibit "E" revises the percentage of undivided interest in the common elements appertaining to each apartment.
- g. Page 4 of Exhibit "F", Paragraph 27, adds the recent recording of the Road Maintenance Agreement (Easement 3).

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: KCOM CORP.
VALENTINE PEROFF, JR., Trustee Phone: (808) 488-1778
Name* (Business)
99-1379 Koaha Place
Business Address
Aiea, Hawaii 96701

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

President: Valentine Peroff, Jr.
Vice President: Barbara Peroff
Secretary/Treasurer: Dennis Lee

Real Estate Broker*: Pacific Commerical Realty Corp. Phone: (808) 488-1778
Name (Business)
600 Kapiolani Boulevard, Ste. 200
Business Address
Honolulu, Hawaii 96813

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

General Contractor*: SteelTech, Inc. Phone: (808) 488-1778
Name (Business)
99-1379 Koaha Place License No. BC-8626
Business Address
Aiea, Hawaii 96701

Condominium Managing Agent*: Pacific Commercial Realty Corp. Phone: (808) 488-1778
Name (Business)
600 Kapiolani Boulevard, Ste. 200
Business Address CMA No. 267
Honolulu, Hawaii 96813

Attorney for Developer: Lawrence N. C. Ing, Esq. Phone: (808) 242-4555
Ing, Horikawa, Kuwada, Jorgensen & Toma (Business)
Name
2145 Wells St., Ste. 204
Business Address
Wailuku, Hawaii 96793

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

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2001-095548
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 of Declaration of Condominium Property Regime of Kihei Commercial Condominium II, dated September 6, 2001, recorded in the Bureau of Conveyances as Document No. 2001-140242.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3285
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2001-095549
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]:

Amendment of By-Laws of the Association of Owners of Kihei Commercial Condominium II, dated September 6, 2001, recorded in the Bureau of Conveyances as Document No. 2001-140243.

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>n/a</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

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

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: 300 Ohukai Road Tax Map Key (TMK): (2) 3-9-045-014
Kihei, Maui, Hawaii 96753

Address TMK is expected to change because n/a

Land Area: 5.741 square feet acre(s) Zoning: M1

Fee Owner: KCOM Corp.
Valentine Peroff, Jr., Trustee
 Name
99-1379 Koaha Place
 Address
Aiea, Hawaii 96701

Lessor: n/a
 Name
 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 4 Floors Per Building: (see Exhibit "A")

Exhibit "A" contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Industrial	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

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

Pets: None allowed.

Number of Occupants: _____

Other: See Page 11(a) attached hereto.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 3 Stairways: 10 Trash Chutes: 0

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

Total Number of Apartments: _____

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

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

Boundaries of Each Apartment:

See Exhibit "B" attached hereto.

Permitted Alterations to Apartments:

Notwithstanding anything contained in the Declaration to the contrary, additions to or alterations of any apartment or limited common elements appurtenant to an apartment, may be done by an apartment owner without the consent or approval of the Board of Directors, the Association or the owner of any other apartment, and the apartment owner shall record an amendment to the Declaration and an amendment to the Condominium Map showing the alterations made to the apartment or limited common elements appurtenant to such apartment; provided, however, that no work shall be done which would violate any law, code, statute or ordinance, or impair any easement serving the project.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has n/a elected to provide the information in a published announcement or advertisement.

1. The unit shall be occupied and used only for office, retail sales, warehousing, self-storage and restaurants, light industrial, light manufacturing, and wholesale distribution purposes, as permitted by the State of Hawaii statutes and rules and regulations and County of Maui's ordinances.

Specifically prohibited uses include the following:

- a. any use which creates an unsafe, obnoxious or offensive impact on other occupants within the project by reason of the emission of odor, dust, fumes, smoke, noise, noxious substances, vibration, refuse matter, water-carried waste or similar irritants unless appropriate mitigating measures to control such emissions are in full operation and effect, as approved by the Board;
 - b. dumping, storage, disposal, incineration, treatment, processing or reduction of the following: garbage, dead animals, hazardous or toxic substances, or refuse;
 - c. bars, nightclubs, taverns, and business engaged in the sale of obscene or pornographic materials or in the provision of entertainment featuring topless or nude performers;
 - d. explosives and firearms;
 - e. any use that is subject to the sewer surcharge under Section 14.31.030 of the Maui County Code; provided, however, that such use will be permitted if it is connected to its own separate County of Maui Department of Water Supply water meter;
 - f. apartment houses;
 - g. automobile body shops;
 - h. bath houses;
 - i. bed and breakfast homes;
 - j. dancehalls;
 - k. mortuaries or crematoriums;
 - l. sanitariums; and
 - m. commercial recycling.
2. An Owner shall not cause or permit any Hazardous Materials to be generated, used, transported, stored or disposed of upon, in or about his or her unit or the Common Elements except in a manner that complies with all applicable Hazardous Materials Laws.
 3. No unit owner shall offer, sell or transfer any time-sharing interest in any unit in the Project. The term "time-sharing interest", however, shall specifically exclude the use of self-storage and cold storage facilities.

7. Parking Stalls:

Total Parking Stalls: 284

	<u>Regular</u> <u>Covered Open</u>	<u>Compact</u> <u>Covered Open</u>	<u>Tandem</u> <u>Covered Open</u>	TOTAL
Assigned (for each unit)	<u>225</u>	<u>59</u>		<u>284</u>
Guest	-----	-----	-----	-----
Unassigned	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----
Other: _____	-----	-----	-----	-----
Total Covered & Open:	<u>225</u>	<u>59</u>		<u>284</u>

Each apartment will have the exclusive use of at least 76 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit "D" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

The present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of each apartment are in sound and good condition and the seller makes no representation as to the expected useful life of said apartment.

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "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.

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

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:

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 September 17, 2001 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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See Exhibit "K" attached hereto.

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: None

2. Appliances: None

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

Apartments were completed in August 1991.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

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 Electricity (Common Elements only Common Elements & Apartments)

Gas (Common Elements only Common Elements & Apartments)

Water Sewer Television Cable

Other Water (common elements only) and each apartment's share of costs of maintenance, repair and repaving of roadway and appurtenant facilities as set forth in Roadway Maintenance Agreement (Easement 3) described in Exhibit "F".

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "I" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated April 27, 2001
Exhibit "J" contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been 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 Summary of Subdivision Requirements Documents
(See Exhibit "L" attached hereto.)

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4680 filed with the Real Estate Commission on July 5, 2001.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

It is hereby disclosed as follows:

1. Developer VALENTINE PEROFF, JR. is a Director of PACIFIC COMMERCIAL REALTY CORP., the Managing Agent of Kihei Commercial Condominium.
2. That access to and from the project from Ohukai Road is over and across Easement 3 (for access and utility purposes) affecting Lot 1-B of the Kihei Commercial Center Subdivision, more particularly designated as Tax Map Key No. (2) 3-9-012-015 (por.), as shown on the Condominium Map.
3. That Unit B has designated mailboxes as shown on the Condominium Map, and Unit A has office mail delivery.
4. That the owner of Unit B shall have the exclusive right to use the parking stalls described in that certain Unilateral Agreement and Declaration dated May 18, 1999, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-094202. The owner of Unit B shall have the sole right to modify, terminate or amend said Unilateral Agreement and Declaration and shall be solely responsible for any costs, liability or expense arising out the use of said parking stalls or arising out of said Unilateral Agreement and Declaration and shall save, indemnify, defend and hold the owner of Unit A harmless from any such costs, liability or expense. To the extent that the joinder of the owner of Unit A is required for purposes of effecting a modification, termination or amendment of said Unilateral Agreement and Declaration, such joinder shall be accomplished by power of attorney from the owner of Unit A to the owner of Unit B, and the acceptance of ownership of Unit A in the Project shall constitute a grant of such power and such grant, being coupled with the interest of the owner of Unit B as herein reserved to exercise its rights under this paragraph, and shall be irrevocable and shall remain in existence for as long as the Unilateral Agreement and Declaration or any substitute therefor shall remain in existence. No amendment of the Declaration affecting any of the rights of the owner of Unit B under this paragraph shall be effective unless the owner of Unit B shall give its written consent to such amendment.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

VALENTINE PEROFF, JR., as Trustee and as President of
KCOM CORP., a Hawaii corporation

Printed Name of Developer

By:  Sept 28, 2001
Duly Authorized Signatory Date

VALENTINE PEROFF, JR., as Trustee and as President
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

Description of Apartments

Unit A contains one (1) court building with one, two and three story areas, and one (1) three (3) story center court, for a total of approximately 114,446 sq. ft. Unit A also contains three (3) elevators and eight (8) stairways.

Unit B contains two (2) one-story buildings and one (1) two-story building, for a total of approximately 76,614 sq. ft. Unit B also has two (2) stairways.

EXHIBIT "B"

Boundaries of Apartments

The respective Apartments shall be deemed to constitute the structures depicted on the Condominium Map, including the perimeter walls and the decorated or finished surfaces thereof; the roof and the finished exterior surfaces thereof; the perimeter doors, door frames, windows and window frames; the foundation and all supporting members.

EXHIBIT "C"

Common Elements

- a. The land in fee simple and any appurtenances thereto as described in Exhibit "H".
- b. The common driveway between Units A and B as shown on the Condominium Map.
- c. Any common water meter, common waterline or any other utility installations serving more than one apartment

EXHIBIT "D"

Limited Common Elements

The limited common elements reserved for the exclusive use of the respective units are the parking stalls set aside for the particular unit as shown below, the land area and driveways from the common driveway to the parking stalls as shown on the Condominium Map, and any assigned mailboxes. Unit B also has three (3) trash enclosures.

<u>Apartment</u>	<u>Parking Stalls</u>
A	Nos. 209 – 284 (58 Regular, 14 Compact, & 4 Handicapped Stalls) 2 Loading Stalls
B	Nos. 1 - 208 (155 Regular, 45 Compact, & 8 Handicapped Stalls) 2 Loading Stalls

In addition to the foregoing, the owner of Unit B shall have the exclusive right to use the parking stalls described in that certain Unilateral Agreement and Declaration dated May 18, 1999, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-094202. The owner of Unit B shall have the sole right to modify, terminate or amend said Unilateral Agreement and Declaration and shall be solely responsible for any costs, liability or expense arising out the use of said parking stalls or arising out of said Unilateral Agreement and Declaration and shall save, indemnify, defend and hold the owner of Unit A harmless from any such costs, liability or expense. To the extent that the joinder of the owner of Unit A is required for purposes of effecting a modification, termination or amendment of said Unilateral Agreement and Declaration, such joinder shall be accomplished by power of attorney from the owner of Unit A to the owner of Unit B, and the acceptance of ownership of Unit A in the Project shall constitute a grant of such power and such grant, being coupled with the interest of the owner of Unit B as herein reserved to exercise its rights under this paragraph, and shall be irrevocable and shall remain in existence for as long as the Unilateral Agreement and Declaration or any substitute therefor shall remain in existence. No amendment of the Declaration affecting any of the rights of the owner of Unit B under this paragraph shall be effective unless the owner of Unit B shall give its written consent to such amendment.

EXHIBIT "E"

Common Interest

The fractional undivided interest in the common elements appertaining to each apartment are as follows:

<u>Apartment</u>	<u>Percentage Interest in Common Elements</u>
A	50%
B	50%

EXHIBIT "F"

Encumbrances Against Title

1. Real property taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.
2. Covenants, conditions and reservations contained in Section 14.12.080 AGREEMENT FOR CENTRAL MAUI AREAS, dated May 5, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20719, Page 69.
3. Covenants, conditions and reservations contained in SUBDIVISION (THREE LOTS OR LESS) AGREEMENT, dated July 13, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20904, Page 160.
4. Covenants, conditions and reservations contained in SUBDIVISION AGREEMENT (LARGE LOTS) AGREEMENT, dated July 13, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20904, Page 171.
5. Covenants, conditions and reservations contained in SECTION VI(C) AGREEMENT FOR CENTRAL MAUI AREAS, dated July 6, 1989, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23463, Page 94.

Said above Agreement was amended by instruments dated March 27, 1990, recorded as Document No. 90-057153, and dated October 16, 1990, recorded as Document No. 90-164419.

6. Conditions contained in the NOTICES TO ALL OWNERS/DEVELOPER/AUTHORIZED AGENTS, re: Kihei Wastewater Treatment Capacity (a) dated July 7, 1989, recorded in Liber 23514 at Page 586; (b) dated July 7, 1989, recorded in Liber 23514 at Page 588; (c) dated July 7, 1989, recorded in Liber 23514 at Page 590; (d) dated November 17, 1989, recorded in Liber 24040 at Page 479; and (e) dated June 28, 1990, recorded as Document No. 90-110641.
7. GRANT dated June 29, 1990, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-116039, granting a perpetual easement to install, maintain, operate, repair, remove and replace any and all drainage culverts, etc., in, over and across said parcel, besides other land, said easement being 15 feet wide for drain purposes and containing an area of 10,825 square feet.

-Note:- The above easement is designated as Existing Easement "A" on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated April 8, 1996 (last revised August 13, 1996).

8. GRANT dated June 29, 1990, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-116040, granting a perpetual easement to install, maintain, operate, repair, remove and replace any and all sewer culverts, etc., in, over and across said parcel, besides other land, said easement being 15 feet wide for sewerline purposes and containing an area of 14,085 square feet.

-Note:- The above easement is designated as Existing Easement "B" on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated April 8, 1996 (last revised August 13, 1996).

9. Conditions contained in the following: NOTICES TO ALL OWNERS/DEVELOPERS/AUTHORIZED AGENTS, re: Kihei Wastewater Treatment Capacity:

91-004282	December 3, 1990	DESIGN 579, INC.
91-004284	December 14, 1990	KCOM Corp.
91-011493	November 7, 1990	KIHEI WINE & SPIRITS
91-018395	January 28, 1991	LES GIDDENS
91-018396	January 28, 1991	KCOM Corp.
91-018397	January 28, 1991	KCOM Corp.
91-018398	January 30, 1991	PACIFIC RIM INTERIOR
91-021631	January 15, 1991	MAUI ECONOMIC DEVELOPMENT BOARD, INC.
91-024310	January 23, 1991	POWERHOUSE, INC.
91-024315	December 31, 1990	ATTCO INC.
91-024319	January 11, 1991	PARADISE COMPUTER PRODUCTS, LTD.
91-127059	June 27, 1991	SILK PLANTS HAWAII INC.
91-144489	June 24, 1991	YOST ENTERPRISES, INC.

10. Covenants, conditions and reservations contained in SECTION VI(C) FOR CENTRAL MAUI AREAS AGREEMENT, dated March 21, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-041775.
11. Covenants, conditions and reservations contained in the DECLARATION dated July 27, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-096587.
12. Conditions contained in the NOTICE re: KIHEI WASTEWATER TREATMENT CAPACITY, dated March 24, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-065726.
13. Covenants, conditions and reservations contained in HOLD-HARMLESS AGREEMENT dated February 15, 1995, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-034764.

14. DESIGNATION OF EASEMENT "3" for access and utility purposes as shown on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated June 6, 1996, last revised January 21, 1997.
15. DESIGNATION OF EASEMENT "4" for sewer purposes as shown on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated June 6, 1996, last revised January 21, 1997.
16. DESIGNATION OF EASEMENT "5" for sewer purposes as shown on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated June 6, 1996, last revised January 21, 1997.
17. Covenants, conditions and reservations contained in the DECLARATION OF EASEMENT AND COVENANTS, RESTRICTIONS AND RESERVATIONS RELATING THERETO, dated April 17, 1997, recorded in the said Bureau of Conveyances of the State of Hawaii as Document No. 97-051215. Said Declaration was amended and restated by AMENDED AND RESTATED DECLARATION OF EASEMENT AND COVENANTS, RESTRICTIONS AND RESERVATIONS RELATING THERETO dated September 5, 1997, recorded as Document No. 97-121272.
18. DESIGNATION OF EASEMENT "1" (15 feet wide) for utility purposes, as shown on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated June 6, 1996, last revised January 21, 1997.
19. DESIGNATION OF EASEMENT "2" (15 feet wide) for parking purposes, as shown on survey map prepared by Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated June 6, 1996, last revised January 21, 1997.
20. GRANT to Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, dated February 6, 1998, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 98-139018, granting a perpetual right and easement for utility purposes over, across, through and under said Easements "1" and "3".
21. Electrical box located on the common boundary between Lot 1, now Lot 1-A, (southerly boundary) and Lot 2 (north boundary), as shown on Certification Map prepared by Bruce R. Lee, Land Surveyor with Newcomer - Lee Land Surveyors, Inc., dated September 30, 1997.
22. GRANT dated April 20, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-075905, granting an easement for road and utility purposes over said Easement "3".
23. GRANT dated April 20, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-075906, granting an easement for road and utility purposes over said Easement "3".

24. Covenants, conditions and reservations contained in the UNILATERAL AGREEMENT AND DECLARATION, dated May 18, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-094202.
25. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated May 9, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-095548, which was amended by Amendment of Declaration of Condominium Property Regime of Kihei Commercial Condominium II, dated September 6, 2001, recorded as Document No. 2001-140242, as the same may hereafter be further amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 3285.)
26. Covenants, conditions and reservations, contained in the By-Laws of the Association of Owners of the Condominium Project known as "KIHEI COMMERCIAL CONDOMINIUM II" dated May 9, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-095549, which was amended by Amendment of By-Laws of the Association of Owners of Kihei Commercial Condominium II, dated September 6, 2001, recorded as Document No. 2001-140243, as the same may hereafter be further amended.
27. Covenants, conditions and reservations, contained in the Road Maintenance Agreement (Easement 3), dated September 6, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-140241.

Note: The property is subject to the following:

- a. Mortgage, Security Agreement and Financing Statement, dated May 6, 1996, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2307552, and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 96-064619, with GE CAPITAL HAWAII, INC., a Hawaii corporation, as Mortgagee, for (i) a term loan in the original principal amount of \$13,000,000.00 ("Fixed Rate Note"), and (ii) a term loan in the original principal amount of \$2,900,000.00 ("Floating Rate Note") – covers the land described herein, besides other land.

Consent to Mortgage dated May 7, 1996, recorded as Document No. 96-064622, by CENTRAL PACIFIC BANK, a Hawaii corporation.

By Subordination Agreement dated November 27, 1996, recorded as Document No. 96-170758, said above Mortgage, Security Agreement and Financing Statement was subordinated to the lien of that certain First Mortgage, Security Agreement and Financing Statement recorded as Document No. 96-170757 and that certain Assignment of Leases and Rents recorded as Document No. 96-170759.

Above amended by instrument dated June 25, 1999, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2555839, and recorded as Document No. 99-103427.

- b. Assignment of Leases and Rents dated May 6, 1996, recorded as Document No. 96-064623, made by KCOM CORP., a Hawaii corporation, to GE CAPITAL HAWAII, INC., a Hawaii corporation, assigning the entire lessor's interest in, to and under all of the leases described therein, and all other leases, space leases or rental agreements now or hereafter entered into, demising any space within improvements located on the land described herein, besides other land, as security for the repayment of those certain promissory notes in the amounts of \$13,000,000.00 and \$2,900,000.00, secured by that certain Mortgage filed as Land Court Document No. 2307552, recorded as Document No. 96-064619.

Above Assignment of Leases and Rents amended by instrument dated June 25, 1999, filed as Land Court Document No. 2555839, and recorded as Document No. 99-103427.

Above Assignment of Leases and Rents amended by instrument dated October 16, 2000, recorded as Document No. 2000-147267.

- c. Assignment of Leases and Rents dated May 6, 1996, filed as Land Court Document No. 2307554, recorded as Document No. 96-064624, made by Valentine Peroff, Jr., as Trustee of the Valentine Peroff, Jr. Revocable Living Trust created by unrecorded Trust Agreement dated July 7, 1989, to GE CAPITAL HAWAII, INC., a Hawaii corporation, assigning the entire lessor's interest in, to and under all of the leases described therein, and all other leases, space leases or rental agreements now or hereafter entered into, demising any space within improvements located on the land described herein, besides other land, as security for the repayment of those certain promissory notes in the amounts of \$13,000,000.00 and \$2,900,000.00, secured by that certain Mortgage filed as Land Court Document No. 2307552, recorded as Document No. 96-064619.

By SUBORDINATION AGREEMENT dated November 27, 1996, recorded as Document No. 96-170758, said above Assignment of Leases and Rents was subordinated to the lien of that certain First Mortgage, Security Agreement and Financing Statement recorded as Document No. 96-170757 and that certain Assignment of Leases and Rents recorded as Document No. 96-170759.

Above Assignment of Leases and Rents amended by instrument, dated June 25, 1999, filed as Land Court Document No. 2555839, and recorded as Document No. 99-103427.

Above Assignment of Leases and Rents amended by instrument, dated October 16, 2000, and recorded as Document No. 2000-147267.

- d. Financing Statement by and between KCOM CORP, a Hawaii corporation, as Debtor, and GE CAPITAL HAWAII, INC., a Hawaii corporation, as Secured Party, recorded as Document No. 96-064625.

- e. Financing Statement by and between VALENTINE PEROFF, JR., as Trustee of the Valentine Peroff, Jr. Revocable Living Trust created by unrecorded Trust Agreement dated July 7, 1989, as Debtor, and GE CAPITAL HAWAII, INC., a Hawaii corporation, as Secured Party, recorded as Document No. 96-064626.

EXHIBIT "G"

KIHEI COMMERCIAL CONDOMINIUM II
September 21, 2001

DISCLOSURE ABSTRACT

1. **NAME OF PROJECT:** KIHEI COMMERCIAL CONDOMINIUM II

2. **DEVELOPER:** KCOM CORP.
VALENTINE PEROFF, JR.
99-1379 Koaha Place
Aiea, Hawaii 96701

3. **MANAGING AGENT:** PACIFIC COMMERCIAL REALTY CORP.
600 Kapiolani Blvd., Ste. 200
Honolulu, Hawaii 96813

4. **USE OF APARTMENTS:** Commercial

The two (2) apartments in the Project may be occupied and used only for office, retail sales, warehousing, self-storage and restaurants, light industrial, light manufacturing, and wholesale distribution purposes, as permitted by the State of Hawaii statutes and rules and regulations and County of Maui's ordinances. No apartment may be used for residential purposes. The apartments are subject to additional restrictions on their use as set forth in (i) the Declaration of Condominium Property Regime of Kihei Commercial Condominium II, as amended; (ii) the By-Laws of the Association of Apartment Owners of Kihei Commercial Condominium II, as amended; (iii) the Apartment Deed for the individual apartments, (iv) the Reservation, Deposit Receipt and Sales Contract for the individual apartments, and (v) the Project Rules and Regulations. Copies of the foregoing documents are on file with the Real Estate Commission of the State of Hawaii.

5. **WARRANTIES:**

THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

As set forth in the Reservation, Deposit Receipt and Sales Contract, the Developer shall require from the general contractor for the project a written warranty with respect to any defects in the Buyer's apartment and the common elements due to faulty materials and/or workmanship which are discovered and reported within one (1) year from the "Date of Substantial Completion" as defined in the construction contract. The Developer makes no warranties itself; however, the execution, delivery and recordation of the Buyer's Apartment Deed shall constitute the assignment by the Developer to the Buyer of any and all warranties given the Developer by the general contractor for the project, and by any subcontractors or materialmen, and the benefit of such warranties shall accrue to the Buyer on closing without further instruments or documents. The Developer agrees to cooperate with the Buyer during the effective period of any such warranties in asserting any claims based on such warranties. The Developer does not adopt the contractor's or manufacturer's warranties, if any, and the Developer is not acting as co-warrantor, but is merely attempting to pass to the Buyer the benefit of such warranties, if any, and the Buyer expressly acknowledges and agrees to this. The Buyer acknowledges that the Developer has made no other warranties, express or implied, with respect to the property or any common element or anything installed therein.

6. ESTIMATED MAINTENANCE FEES:

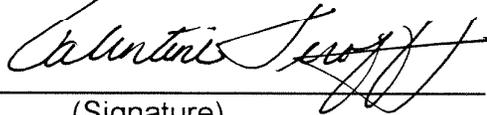
See pages 4 and 5 of this exhibit.

The breakdown of estimated initial maintenance fees and maintenance fee disbursements for KIHEI COMMERCIAL CONDOMINIUM II has been prepared by the Developer and is subject to revision based on actual cost for the items enumerated. The Developer can make no assurances regarding the estimated maintenance fees and maintenance fee disbursements. Variables such as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the actual maintenance fees to be greater or lesser than the estimated maintenance fees.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF THE MAINTENANCE FEES ARE ACCURATELY ESTIMATED, SUCH FEES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE FEES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYERS SHOULD CHECK THE ATTACHED MAINTENANCE FEE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED THEREIN. THE INITIAL ESTIMATES HAVE BEEN MADE WELL IN ADVANCE OF THE COMPLETION OF THE PROJECT AND MAY BE SUBJECT TO SUBSTANTIAL REVISION PRIOR TO OR UPON COMPLETION.

IN WITNESS WHEREOF, the undersigned has executed these presents the day and year first above written.

KCOM CORP.

By 
(Signature)
VALENTINE PEROFF, JR.
Its President


VALENTINE PEROFF, Trustee as
aforesaid

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
A	\$168.00	\$2,016.00
B	\$168.00	\$ 2,016.00

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

Estimate of Maintenance Fee Disbursements¹:

Monthly x 12 months = Yearly Total

Utilities and Services

Electricity

<input checked="" type="checkbox"/>	common elements only	\$ 186.00	\$ 2,232.00
<input type="checkbox"/>	common elements and apartments		

Maintenance, Repairs and Supplies (common elements only)

Grounds (landscaping)	60.00	720.00
Backflow Inspection	10.00	120.00
Management	25.00	300.00
Water	25.00	300.00
Miscellaneous Costs	10.00	120.00

Reserves (see attached)

Road Repair	20.00	240.00
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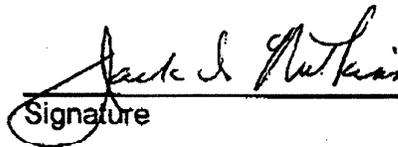
TOTAL	\$ 336.00	\$4,032.00
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I, JACK D. WATKINS, as employee for and employed by KCOM Corp., hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

OCT. 19 2001

Date

Signature



¹ These disbursements include the apartment owners' share of costs under the Roadway Maintenance Agreement (Easement 3) described in the Declaration, as amended.

RESERVES

The Developer of KIHEI COMMERCIAL CONDOMINIUM II conducted a reserve study in 2001 in accordance with §514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended, to estimate the remaining useful lives and the replacement costs of the common elements. The Developer has estimated the funding for such major repairs and replacements over the estimated useful lives of the common elements based on the study's estimates of current replacement costs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, the Board of Directors of the Association of Owners does have the right, subject to owners approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

EXHIBIT "H"

Land Description

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Land Patent Grant Number 11400 to Ernest K. Naeole) situate, lying and being at Waiakoa, Kihei, (Kula), Island and County of Maui, State of Hawaii, being LOT 2 of the "KIHEI COMMERCIAL CENTER SUBDIVISION" (the map thereof not being recorded), being a portion of Lot 9-B-1 of the "Waiakoa Makai Homesteads" and thus bounded and described as per survey of Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated April 8, 1996 (last revised August 13, 1996):

Beginning at a 3/4-inch pipe at the southwest corner of this parcel of land, on the northerly boundary of Royal Patent Number 7447, Land Commission Award Number 3237, Part 2 to H. Heewahewa, said point being also the southeast corner of Lot 1 of said Kihei Commercial Center Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being:

14,711.82 feet north
22,097.63 feet west

and running by azimuths measured clockwise from true South:

1. 176° 46' 30" 376.23 feet along said Lot 1 of the Kihei Commercial Center, Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole to chiseled cross;

Thence along same on the arc of a curve to the right, concave southeasterly with a radius of 10.00 feet, the chord azimuth and distance being:

2. 221° 46' 30" 14.14 feet to a chiseled hole on top of concrete curb;

3. 266° 46' 30" 16.00 feet along said Lot 1 of the Kihei Commercial Center Subdivision and along the remainder of Grant 11400 to Ernest K. Naeole to a chiseled hole on top of concrete curb;

4. 176° 46' 30" 20.00 feet along same to a chiseled cross;

Thence along same on the arc of a curve to the right, concave northeasterly with a radius of 20.00 feet, the chord azimuth and distance being:

5. 131° 46' 30" 28.28 feet to a 3/4-inch pipe;

6. 176° 46' 30" 262.00 feet along said Lot 1 of the Kihei Commercial Center, Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole to a 3/4-inch pipe;

7. 266° 46' 30" 355.27 feet along same to a 3/4-inch pipe on the westerly boundary of Lot 10 of said Waiakoa Makai Homesteads;

8. 356° 46' 30" 709.06 feet along said Lot 10 of the Waiakoa Makai Homesteads and along the remainder of said Grant 11400 to Ernest K. Naeole to a 3/4-inch pipe on the northerly boundary of said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa;

9. 90° 04' 30" 361.87 feet along said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa to the point of beginning and containing an area of 5.741 acres, more or less.

Together with the following described easements as granted by instrument dated July 20, 1987, recorded in Liber 20934 at Page 687, subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein:

DRAINAGE EASEMENT NO. 1
(25.00 feet wide)
TAX MAP KEY: 3-9-01:16

All of that certain parcel of land (being portion of the land(s) described in and covered by Royal Patent Number 7447, Land Commission Award Number 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56)) situate, lying and being at Kaonoulu, Wailuku, Island and County of Maui, State of Hawaii, being an easement 25.00 feet wide for drainage purposes over, under and across Parcel 16 of Tax Map Key: 3-9-01, and thus bounded and described:

Beginning at the northwesterly corner of this easement, on the easterly side of Piilani Highway (F.A.P. RF-031-1(5)), said point being also the northwesterly corner of said Parcel 16 and the southwesterly corner of Lot 9 of the Waiakoa Makai Homesteads, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being:

14,712.29 feet north
22,456.32 feet west

and running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|----------|---|
| 1. | 270° | 04' | 30' | 25.69 | feet along said Lot 9 of the Waiakoa Makai Homesteads and along Grant 11400 to Ernest K. Naeole; |
| 2. | 325° | 10' | 30' | 67.81 | feet along the remainders of said Parcel 16 and said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56); |
| 3. | 346° | 48' | 00" | 1,320.33 | feet along same; |
| 4. | 316° | 48' | 00" | 50.00 | feet along same; |
| 5. | 346° | 48' | 00" | 140.69 | feet along same; |
| 6. | 46° | 48' | 00" | 57.74 | feet along same; |
| 7. | 346° | 48' | 00" | 556.96 | feet along same; |

8.	30°	49'	00"	35.98	feet along the southeasterly boundary of said Parcel 16, being also the Wailuku - Makawao District Line and along the remainder of said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56) to the easterly side of said Piilani Highway;
9.	166°	48'	00"	596.83	feet along said easterly side of said Piilani Highway;
10.	226°	48'	00"	57.74	feet along the remainders of said Parcel 16 and said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56):
11.	166°	48'	00"	120.00	feet along said easterly side of said Piilani Highway;
12.	136°	48'	00"	50.00	feet along the remainders of said Parcel 16 and said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56);
13.	166°	48'	00"	1,322.25	feet along said easterly side of said Piilani Highway;
14.	145°	10'	30"	67.82	feet along the remainders of said Parcel 16 and said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa (Certificate of Boundaries

No. 56);

15. 166° 48' 00" 10.66 feet along said easterly side of said Piilani Highway to the point of beginning and containing an area of 55,216 square feet or 1.268 acres, more or less.

DRAINAGE EASEMENT NO. 2
(25.00 feet wide)
TAX MAP KEY: 2-2-02:15

All of that certain parcel of land (being portion of the land(s) described in and covered by Royal Patent Number 7447, Land Commission Award Number 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56)) situate, lying and being at Kaonoulu, Makawao, Island and County of Maui, State of Hawaii, being an easement 25.00 feet wide for drainage purposes over, under and across Parcel 15 of Tax Map Key: 2-2-02, and thus bounded and described:

Beginning at the northwesterly corner of this easement, on the easterly side of Piilani Highway (F.A.P. RF-031-1 (5)) and on the Wailuku - Makawao District Line, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being:

12,585.05 feet north
21,957.39 feet west

and running by azimuths measured clockwise from true South:

1. 210° 49' 00" 35.98 feet along the northerly boundary of said Parcel 15, along said Wailuku - Makawao District Line and along the remainder of said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa (Certificate of Boundaries No. 56);

2. 346° 48' 00" 146.52 feet along the remainders of said Parcel 15 and said Royal Patent 7447, Land

Commission Award 3237, Part 2 to
H. Hewahewa (Certificate of
Boundaries No. 56);

3. 316° 48' 00" 60.00 feet along same;
4. 346° 48' 00" 156.70 feet along same;
5. 76° 48' 00" 25.00 feet along same to the easterly
side of said Piilani Highway.
6. 166° 48' 00" 150.00 feet along said easterly side of
said Piilani Highway;
7. 136° 48' 00" 60.00 feet along the remainders of
said Parcel 15 and said Royal
Patent 7447, Land Commission
Award 3237, Part 2 to H.
Hewahewa (Certificate of
Boundaries No. 56);
8. 166° 48' 00" 127.34 feet along said easterly side of
said Piilani Highway to the
point of beginning and
containing an area of 8,757
square feet, more or less.

Together also with a perpetual non-exclusive right and easement for
sewer disposal purposes, etc., over and across the following described
easement area, as granted by instrument dated April 24, 1990, recorded
as Document No. 90-058932, subject to the terms and provisions,
including the failure to comply with any covenants, conditions and
reservations, contained therein:

WAIAKOA MAKAI HOMESTEADS, LOT 9-A
Description of EASEMENT 1
(Sewerline Easement)

All of that certain parcel of land (being portion of the land(s)
described in and covered by Land Patent Grant Number 11400 to Ernest
K. Naeole) situate, lying and being at Waiakoa, Kihei (Kula), Island
and County of Maui, State of Hawaii, being SEWERLINE EASEMENT 1 in
favor of Lot 9-B and Lot 10 of the "WAIAKOA MAKAI HOMESTEADS" over and
across a portion of Lot 9-A

of the "Waiakoa Makai Homesteads", and thus bounded and described:

Beginning at a point at the southwest corner of this easement, being also the southwest corner of Lot 9-A of the Waiakoa Makai Homesteads, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being, 1,227.58 feet north and 22,561.76 feet west, and running by azimuths measured clockwise from true South:

1. 166° 48' 410.00 feet along the easterly side of Piilani Highway (F.A.P. RF-031-1 (5));
2. 256° 48' 5.00 feet along same;
3. 166° 48' 511.85 feet along same;
4. Thence along same on a curve to the right having a radius of 77.50 feet, the chord azimuth and distance being:
184° 55' 30" 48.22 feet;
5. 346° 48' 557.68 feet over and across a portion of Lot 9-A of the Waiakoa Makai Homesteads;
6. 348° 10" 40" 208.06 feet over and across same;
7. 346° 48' 202.00 feet over and across same;
8. 76° 48' 15.00 feet along Lot 9-B of the Waiakoa Makai Homesteads to the point of beginning and containing an area of 14,815 square feet, more or less.

Together, further with Easement "1" (15-ft. wide for utility purposes) and Easement "2" (24 -ft. wide for parking purposes) over, under and across Lot 1 of said Kihei Commercial Center Subdivision, being more particularly described as per survey of Bruce R. Lee, Licensed Professional Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., dated October 31, 1996:

EASEMENT "1"
(15-ft. wide for Utility Purposes)
Affecting Lot 1 of the
Kihei Commercial Center Subdivision

All of that certain parcel of land, being Easement "1" (15-ft. wide for utility purposes) over, under and across Lot 1 in favor of Lot 2 of the Kihei Commercial Center Subdivision (the map thereof not being recorded), being a portion of Lot 9-B-1 of the Waiakoa Makai Homesteads, also being a portion of Land Patent Grant Number 11400 to Ernest K. Naeole, situated at Waiakoa, Kihei, (Kula), Island and County of Maui, State of Hawaii, and being more particularly described as follows:

Beginning at the northeast corner of this easement, on the southerly boundary of Ohukai Road, said point being $83^{\circ} 18' 30''$ 274.64 feet from the northeast corner of said Lot 1 of said Kihei Commercial Center Subdivision, the coordinates of said point of beginning referred to Government Survey triangulation Station "PUU O KALI" being:

15,905.40 feet north
21,107.61 feet west

and running by azimuths measured clockwise from true South:

1. $353^{\circ} 18' 30''$ 15.00 feet along the remainders of said Lot 1 of the Kihei Commercial Center Subdivision and said Grant 11400 to Ernest K. Naeole;

2. $83^{\circ} 18' 30''$ 55.98 feet along same;

Thence along same on the arc of a curve to the right, concave southeasterly with a radius of 30.00 feet, the chord azimuth and distance being:

3. $233^{\circ} 18' 30''$ 30.00 feet to a point on the southerly boundary of Ohukai Road;

4. $263^{\circ} 18' 30''$ 30.00 feet along said southerly boundary of Ohukai Road to the point of beginning and containing an area of 0.017

acre, more or less.

EASEMENT "2"
(24-ft. wide for Parking Purposes)
Affecting Lot 1 of the
Kihei Commercial Center Subdivision

All of that certain parcel of land, being Easement "2" (24-ft. wide for parking purposes) over and across Lot 1 in favor of Lot 2 of the Kihei Commercial Center Subdivision (the map thereof not being recorded), being a portion of Lot 9-B-1 of the Waiakoa Makai Homesteads, also being a portion of Land Patent Grant Number 11400 to Ernest K. Naeole, situated at Waiakoa, Kihei, (Kula), Island and County of Maui, State of Hawaii, and being more particularly described as follows:

Beginning at a 3/4-inch pipe at the southeast corner of this easement, on the westerly boundary of Lot 10 of the Waiakoa Makai Homesteads, said point being also the northeast corner of said Lot 2 of the Kihei Commercial Center Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being:

15,419.28 feet north
21,775.65 feet west

and running by azimuths measured clockwise from true South:

1. 86° 46' 30" 355.27 feet along said Lot 2 of the Kihei Commercial Center Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole to a 3/4-inch pipe;
2. 176° 46' 30" 24.00 feet along the remainders of said Lot 1 of the Kihei Commercial Center Subdivision and said Grant 11400 to Ernest K. Naeole;
3. 266° 46' 30" 355.27 feet along same to a point on the westerly boundary of said Lot 10 of the Waiakoa Makai Homesteads;
4. 356° 46' 30" 24.00 feet along said Lot 10 of the Waiakoa Makai Homesteads and along the

remainder of said Grant 11400 to Ernest K. Naeole to the point of beginning and containing an area of 8,526 square feet or 0.196 acre, more or less.

Said above described parcel of land having been acquired as follows:

1. By KCOM CORP., a Hawaii corporation, as to an undivided 55.883% interest, by DEED of E & F EXCHANGE, INC., a Hawaii corporation, dated May 12, 1989, recorded in Liber 23208 at Page 486, and;
2. By VALENTINE PEROFF, JR., husband of Barbara Joanna Peroff, Trustee of the Valentine Peroff, Jr. Revocable Living Trust created by unrecorded Trust Agreement dated July 7, 1989, as to an undivided 44.117% interest, by WARRANTY DEED of VALENTINE PEROFF, JR., husband of Barbara Joanna Peroff, dated May 13, 1993, recorded as Document No. 94-077165.

Together with an easement for roadway and utility purposes over Easement "3" for access and utility purposes affecting Lot 1-B of the Kihei Commercial Center Subdivision, as granted by instrument dated April 20, 1999, recorded as Document No. 99-075905, subject, however, the terms and provision, including the failure to comply with any covenants, conditions and reservations, contained therein, said easement being more particularly described as follows:

All of that certain parcel of land, being Easement 3 (for access and utility purposes) over, under and across Lot 1-B in favor of Lot 1-A and 2 of the Kihei Commercial Center Subdivision (the map thereof not being recorded), being a portion of Land Patent Grant 11400 to Ernest K. Naeole, situated at Waiakoa, Kihei, (Kula), Island and County of Maui, State of Hawaii, and thus bounded and described as per survey of Bruce R. Lee, Land Surveyor, with Newcomer-Lee Land Surveyors, Inc., revised April 29, 1999;

Beginning at a 3/4-inch pipe at the southeast corner of this easement, on the northerly boundary of Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa, said point also being the southeast corner of Lot 1-B and the southwest corner of Lot 2 of said Kihei Commercial Center Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being:

14,711.82 feet north
22,097.63 feet west

and running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|--------|--|
| 1. | 90° | 04' | 30" | 36.06 | feet along said Royal Patent 7447, Land Commission Award 3237, Part 2 to H. Hewahewa; |
| 2. | 176° | 46' | 30" | 609.02 | feet along the remainders of said Lot 1-B of the Kihei Commercial Center Subdivision and said Grant 11400 to Ernest K. Naeole to a 3/4-inch pipe at the southwest corner of Lot 5 of said Piilani Business Park Subdivision; |
| 3. | 176° | 46' | 30" | 575.50 | feet along Lots 5,4,3,2 and 1 of said Piilani Business Park Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole to a 3/4-inch pipe on the southerly boundary of Ohukai Road; |
| 4. | 263° | 18' | 30" | 93.36 | feet along said southerly boundary of Ohukai Road to a chiseled hole on sidewalk at the northwest corner of Lot 1-A of said Kihei Commercial Center Subdivision; |

Thence along said Lot 1-A of the Kihei Commercial Center Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole, on the arc of a curve to the left, concave southeasterly with a radius of 30.00 feet, the chord azimuth and distance being:

Thence along same on the arc of a curve to the left, concave northeasterly with a radius of 20.00 feet, the chord azimuth and distance being:

- | | | | | | |
|-----|------|-----|-----|-------|--|
| 11. | 311° | 46' | 30" | 28.28 | feet to a chiseled cross; |
| 12. | 356° | 46' | 30" | 20.00 | feet along said Lot 2 of the Kihei Commercial Center Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole to a chiseled hole on top of concrete curb; |
| 13. | 86° | 46' | 30" | 16.00 | feet along same to a chiseled hole on top of concrete curb; |

Thence along same on the arc of a curve to the left, concave southeasterly with a radius of 10.00 feet, the chord azimuth and distance being:

- | | | | | | |
|-----|------|-----|-----|--------|---|
| 14. | 41° | 46' | 30" | 14.14 | feet to chiseled cross; |
| 15. | 356° | 46' | 30" | 376.23 | feet along said Lot 2 of the Kihei Commercial center Subdivision and along the remainder of said Grant 11400 to Ernest K. Naeole to the point of beginning and containing an area of 1.176 acres, more or less. |

EXHIBIT "I"

Summary of Sales Contract

1. The sales agreement contains the price and other terms and conditions under which a buyer will agree to buy a apartment in the project.
2. The sales agreement provides for the buyer to get a copy of certain legal documents that buyer should closely examine.
3. The sales agreement provides for severe penalties if buyer fails to comply with the terms and conditions of the agreement.
4. The buyer must complete the purchase of the apartment by a certain date and pay closing costs, in addition to the purchase price.
5. The buyer's money will be held in escrow under the terms of the Escrow Agreement for the project.
6. The sales agreement and the rights of the buyer under the sales agreement is subordinate to the lien of mortgages on the property.
7. The Developer is making no warranties or representations in connection with the sale of any of the apartments, except for its written limited warranty set forth in this report.

This is merely a summary of a few of the terms and conditions of the sales agreement, and the buyer should carefully read and review all the terms and conditions of the sales agreement before signing.

EXHIBIT "J"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the payments which a buyer makes under a sales agreement will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let buyers know when payments are due.
- (b) Escrow will arrange for buyers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a buyer.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the sales agreement.

EXHIBIT "K"

Blanket Liens

Type of Lien:

- a. Mortgage, Security Agreement and Financing Statement, dated May 6, 1996, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2307552, and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 96-064619, with GE CAPITAL HAWAII, INC., a Hawaii corporation, as Mortgagee, for (i) a term loan in the original principal amount of \$13,000,000.00 ("Fixed Rate Note"), and (ii) a term loan in the original principal amount of \$2,900,000.00 ("Floating Rate Note") – covers the land described herein, besides other land.

Consent to Mortgage dated May 7, 1996, recorded as Document No. 96-064622, by CENTRAL PACIFIC BANK, a Hawaii corporation.

By Subordination Agreement dated November 27, 1996, recorded as Document No. 96-170758, said above Mortgage, Security Agreement and Financing Statement was subordinated to the lien of that certain First Mortgage, Security Agreement and Financing Statement recorded as Document No. 96-170757 and that certain Assignment of Leases and Rents recorded as Document No. 96-170759.

Above amended by instrument dated June 25, 1999, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2555839, and recorded as Document No. 99-103427.

- b. Assignment of Leases and Rents dated May 6, 1996, recorded as Document No. 96-064623, made by KCOM CORP., a Hawaii corporation, to GE CAPITAL HAWAII, INC., a Hawaii corporation, assigning the entire lessor's interest in, to and under all of the leases described therein, and all other leases, space leases or rental agreements now or hereafter entered into, demising any space within improvements located on the land described herein, besides other land, as security for the repayment of those certain promissory notes in the amounts of \$13,000,000.00 and \$2,900,000.00, secured by that certain Mortgage filed as Land Court Document No. 2307552, recorded as Document No. 96-064619.

Above Assignment of Leases and Rents amended by instrument dated June 25, 1999, filed as Land Court Document No. 2555839, and recorded as Document No. 99-103427.

Above Assignment of Leases and Rents amended by instrument dated October 16, 2000, recorded as Document No. 2000-147267.

- c. Assignment of Leases and Rents dated May 6, 1996, filed as Land Court Document No. 2307554, recorded as Document No. 96-064624, made by Valentine Peroff, Jr., as Trustee of the Valentine Peroff, Jr. Revocable Living Trust created by unrecorded Trust Agreement dated July 7, 1989, to GE CAPITAL HAWAII, INC., a Hawaii corporation, assigning the entire lessor's interest in, to and under all of the leases described therein, and all other leases, space leases or rental agreements now or hereafter entered into, demising any space within improvements located on the land described herein, besides other land, as security for the repayment of those certain promissory notes in the amounts of \$13,000,000.00 and \$2,900,000.00, secured by that certain Mortgage filed as Land Court Document No. 2307552, recorded as Document No. 96-064619.

By SUBORDINATION AGREEMENT dated November 27, 1996, recorded as Document No. 96-170758, said above Assignment of Leases and Rents was subordinated to the lien of that certain First Mortgage, Security Agreement and Financing Statement recorded as Document No. 96-170757 and that certain Assignment of Leases and Rents recorded as Document No. 96-170759.

Above Assignment of Leases and Rents amended by instrument, dated June 25, 1999, filed as Land Court Document No. 2555839, and recorded as Document No. 99-103427.

Above Assignment of Leases and Rents amended by instrument, dated October 16, 2000, and recorded as Document No. 2000-147267.

- d. Financing Statement by and between KCOM CORP, a Hawaii corporation, as Debtor, and GE CAPITAL HAWAII, INC., a Hawaii corporation, as Secured Party, recorded as Document No. 96-064625.
- e. Financing Statement by and between VALENTINE PEROFF, JR., as Trustee of the Valentine Peroff, Jr. Revocable Living Trust created by unrecorded Trust Agreement dated July 7, 1989, as Debtor, and GE CAPITAL HAWAII, INC., a Hawaii corporation, as Secured Party, recorded as Document No. 96-064626.
- f. Real property taxes which may be due and owing.

Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance:

Present blanket liens will be released and satisfied prior to conveyance of first apartment to Buyer.

If said blanket liens be foreclosed prior to conveyance to Buyer, all of Buyer's deposits will be refunded immediately by escrow.

EXHIBIT "L"

SUMMARY OF SUBDIVISION REQUIREMENTS DOCUMENTS

The following documents were recorded the subdivision of the underlying land, which a Buyer may also be liable for or responsible to satisfy as it is not known if some or all of the requirements have already been satisfied:

1. Covenants, conditions and reservations contained in SUBDIVISION (THREE LOTS OR LESS) AGREEMENT, dated July 13, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20904, Page 160.

This Agreement allowed the Owner and its successors and assigns to defer the construction of improvements to existing street. The Owner and its successors and assigns will be required to pay their pro rata share of the cost of road improvements to existing streets.

2. Covenants, conditions and reservations contained in SUBDIVISION AGREEMENT (LARGE LOTS) AGREEMENT, dated July 13, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 20904, Page 171.

This Agreement allowed the Owner and its successors and assigns to defer the construction of improvements required by the County of Maui until actual development or resubdivision of the large lot.

3. Covenants, conditions and reservations contained in SECTION VI(C) AGREEMENT FOR CENTRAL MAUI AREAS, dated July 6, 1989, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23463, Page 94.

Said above Agreement was amended by instruments dated March 27, 1990, recorded as Document No. 90-057153, and dated October 16, 1990, recorded as Document No. 90-164419.

4. Conditions contained in the NOTICES TO ALL OWNERS/DEVELOPER/AUTHORIZED AGENTS, re: Kihei Wastewater Treatment Capacity (a) dated July 7, 1989, recorded in Liber 23514 at Page 586; (b) dated July 7, 1989, recorded in Liber 23514 at Page 588; (c) dated July 7, 1989, recorded in Liber 23514 at Page 590; (d) dated November 17, 1989, recorded in Liber 24040 at Page 479; and (e) dated June 28, 1990, recorded as Document No. 90-110641.

This Notice warned the landowner that there may be insufficient water capacity in the existing Kihei Wastewater Treatment Plant, however, since the units being sold have already been constructed, this Notice may no longer be applicable.

5. Covenants, conditions and reservations contained in SECTION VI(C) FOR CENTRAL MAUI AREAS AGREEMENT, dated March 21, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-041775.

6. Covenants, conditions and reservations contained in the DECLARATION dated July 27, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-096587.
7. Conditions contained in the NOTICE re: KIHEI WASTEWATER TREATMENT CAPACITY, dated March 24, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-065726.

This Notice warned the landowner that there may be insufficient water capacity in the existing Kihei Wastewater Treatment Plant, however, since the units being sold have already been constructed, this Notice may no longer be applicable.

8. Covenants, conditions and reservations contained in HOLD-HARMLESS AGREEMENT dated February 15, 1995, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-034764.
9. Covenants, conditions and reservations contained in the UNILATERAL AGREEMENT AND DECLARATION, dated May 18, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-094202.