CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer LAI HONUA LLC
Address 1099 Alakea Street, Suite 1601, Honolulu, Hawaii 96813

Project Name(*): WAILEA BEACH VILLAS
Address: 3800 Wailea Alanui, Wailea, Maui, Hawaii 96753

Registration No. 4935

Effective date: January 13, 2003
Expiration date: September 2, 2003

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.

___ **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 _____

X **SUPPLEMENTARY: (pink)** This report updates information contained in the:
[ ] Preliminary Public Report dated: _____
[X] Contingent Final Public Report dated: December 2, 2002
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

And [ ] Supersedes all prior public reports.
[X] Must be read together with Contingent Final Public Report
[ ] 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 (808) 586-2644 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report

[X] Not Required - Disclosures covered in this report or in the Contingent Final Public Report dated December 2, 2002.

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. Exhibit "H" to the Contingent Final Public Report has been revised to reflect changes to the form of purchase agreement. The revised Exhibit "H" is attached.

2. Paragraph IV.C. has been revised to clarify that the telephone expense for the common elements (and not for each apartment) will be included in the maintenance fees. Each apartment owner will be responsible to pay for the telephone expense for their individual apartment.

3. Paragraph 33 of the Purchase Agreement entitled "Purchaser's Right to Cancel" has been modified to indicate that if there is a delay in building the Villas portion of the Project or the Penthouse portion of the Project, or if the Seller or Seller's construction lender determines that subdivision and withdrawal of portions of the project must occur, Purchaser will be notified and be entitled to a refund of all deposits with interest less any escrow cancellation fees. This one time right to cancel will expire and be deemed waived upon the issuance of an effective date for a final public report covering the apartment subject to the Purchase Agreement provided that the Purchaser is given 10 days notice of the expiration of this one time right to cancel. This right to cancel applies only in the event that it is determined that the entire project will not be developed as planned. Except as may be provided for under Hawaii Revised Statutes Section 514A-63, Purchaser will not have the right to cancel the Purchase Agreement if the Seller pursues the development of the project as depicted on the condominium map.

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 Management 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 [ ] the Developer or the Developer's affiliate.
[ ] self-managed by the Association of Apartment Owners [ ] other_____

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

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

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

Exhibit "G" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). Note that in the event the Developer elects to subdivide and withdraw a portion of the Land in accordance with its reserved right in Article XXIV of said Declaration and as summarized in Exhibit "A" attached hereto, the common interest appurtenant to each apartment may change. If the developer exercises its reserved right to subdivide and withdraw, it is likely that the maintenance fees for the existing apartments will increase.

THE AMOUNTS SET FORTH IN SAID EXHIBIT "G" ARE ESTIMATES ONLY AND MAY CHANGE FOR REASONS BEYOND THE CONTROL OF THE DEVELOPER. SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY THE DEVELOPER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

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 and Apartments)
[X] Gas/propane (___ Common Elements Only X Common Elements and Apartments) *
[X] Water [X] Sewer [X] Television Cable (basic service only)
[X] Other: Refuse Collection
Telephone (Common Elements Only)

* The gas/propane expenses included in the maintenance fees includes all the barbecues on the 98 lanais of the Villas and Penthouse units. The gas/propane expenses for the gas ranges inside the 38 Villas units will be billed separately to the owners of the Villas units.

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

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

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

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

A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other: Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions, as supplemented by instrument dated April 30, 1987, filed as Document No. 1464901.

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. 4935 filed with the Real Estate Commission on September 18, 2002.

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

[ ] YELLOW paper stock [ ] WHITE paper stock [X] PINK paper stock

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.

LAI HONUA LLC, a Delaware limited liability company

By LOKAHI VENTURES LLC, a Colorado limited liability company
Its Managing Member

By LAMBERT CAPITAL CORPORATION, a Colorado corporation
Its Member

By William L. Beaton
William L. Beaton
Its Authorized Signatory

"Developer"

JAN 08 2003

Date

Distribution:

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

EXHIBIT "H"

SUMMARY OF PURCHASE AGREEMENT

The specimen Wailea Beach Villas A Fee Simple Condominium Project Purchase Agreement ("Agreement") contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Title Guaranty Escrow Services, Inc. ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement. All payments to be made under the Agreement shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement.

B. The Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Seller, the Association and other owners and contains certain other provisions to which the Purchaser consents.

C. The "Closing Date" shall be the date (following the issuance of a certificate of occupancy by the County of Maui covering the Apartment) upon which Seller certifies to the Purchaser in writing that the Apartment is ready for occupancy, or any date thereafter that Seller selects. On the Closing Date, Seller and Purchaser shall be required to perform their respective obligations to purchase and sell the Apartment under the Agreement. The parties agree that the Closing Date may be extended by Seller in its sole discretion. All payments that have not been previously made during the preclosing period shall be due and payable in full on the Closing Date, and, if not paid on said date due to Purchaser's failure to act in a diligent manner in order for said payment to be made on said date, then such nonpayment shall result in a default under the Agreement. In the event of failure of Purchaser to actually close on the Closing Date scheduled by Seller, and in the event Seller waives its right to claim a default as provided in this paragraph and in Section C.1.d. of the Agreement, Purchaser agrees to pay, in addition to all other amounts due, a late charge of one percent (1%) per month, based on the amount of the total Purchase Price, prorated on a daily basis, to accrue commencing on the Closing Date and continuing until all payments required under the Agreement, together with such late charges, are paid. Seller's failure to exercise any right or remedy under the Agreement shall not constitute a waiver of any of such defaults or of any of such rights, including, without limitation, the right to cancel the Agreement, and will not constitute a modification of the Agreement. Escrow shall not file Purchaser's Apartment Deed until Escrow has received a certificate from a title company authorized to do business in the State of Hawaii and approved by Seller stating that, upon filing of such Apartment Deed, the Apartment is free and clear of all liens, encumbrances and assessments whatsoever other than those permitted by law and the Agreement. Real property taxes, maintenance fees, and other prorations shall be made, and risk of loss shall transfer from Seller to Purchaser on the Closing Date. Purchaser expressly acknowledges that on the Closing Date, the construction of the other apartments and portions of the common elements of the Project may not be fully completed, and that such circumstances shall not in any way affect Purchaser's obligations to make the required payments and close this sale.

D. The Purchase Price does not include closing costs which include, among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, real property tax prorations and other customary prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all filing costs or fees, loan fees, credit report costs and all other applicable mortgage costs, all of which the Purchaser shall be responsible to pay at Closing. Purchaser shall also pay a start-up fee equal to two (2) months of the estimated maintenance fee and two (2) months of estimated reserves. All such additional sums are due and payable to escrow in cash or by cashier's check during the preclosing period, which is the 30-day period prior to the scheduled Closing Date, along with the balance of the Purchase Price.

E. If Purchaser, after the delivery by Seller of a copy of the Contingent Final Public Report, Final Public Report and/or any Supplementary Public Report for the Project, either personally or by registered or certified mail with return receipt requested, shall fail to execute the receipt and notice ("Receipt and Notice Form") advising Purchaser of Purchaser's right to cancel the Agreement, the delivery of which is required by Hawaii Revised Statutes Section 514A-62, as amended, within thirty (30) days of Purchaser's receipt of the Receipt and Notice Form, Seller

may, at its option: (i) cancel the Agreement upon ten (10) days' written notice to Purchaser of such cancellation, and, upon such cancellation, Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by its failure to give said written notice of cancellation) to treat such failure as a deemed receipt ("Deemed Receipt") of such Public Report(s), and as a waiver by Purchaser of Purchaser's right to cancel the Agreement. The conveyance of the Apartment to the Purchaser within the 30-day period referenced above shall also be treated as a Deemed Receipt of the Public Report(s) and as a waiver by Purchaser of Purchaser's right to cancel the Agreement.

F. The purchase and sale of the Apartment under the Agreement is not subject to Purchaser obtaining a loan to fund any part or all of the Purchase Price. Purchaser understands that Purchaser is responsible to pay the full amount of the Purchase Price and all other amounts due by the terms of the Agreement when due whether or not purchaser obtains a loan.

G. Purchaser agrees that it will not assign the Agreement, or sell the Apartment, or advertise the Apartment for sale prior to closing under the Agreement, and any assignment or sale attempted by purchaser prior to closing is void.

H. Purchaser shall not be entitled to possession of the Apartment as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

I. Seller may use funds deposited with Escrow to pay for certain construction and other expenses of the Project prior to closing of the sale. Purchaser acknowledges and agrees that, upon issuance of an effective date for the Final Public Report, and upon completion of the framing of the roof for the building in which the Apartment is located (indicating that approximately 75% of the construction of the building has been completed) Seller is authorized to use Purchaser's deposits in Escrow for the construction of the Project and for other expenses of the Project, as set forth in the Escrow Agreement and in accordance with Hawaii statutory requirements pertaining to the use of purchasers' funds prior to closing.

J. Notices to either party may be delivered personally or mailed by certified mail, or express mail, return receipt requested.

K. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any salesperson that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

L. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

M. Purchaser has examined and approved the estimate of monthly maintenance charges for the Property as shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any such changes.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.