CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer LAI HONUA LLC
Address 1099 Alakea Street, Suite 1604, Honolulu, Hawaii 96813

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

Registration No. 4935

Effective date: September 15, 2005
Expiration date: October 15, 2006

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 **SECOND SUPPLEMENTARY: (pink)** This report updates information contained in the:

[ ] Preliminary Public Report dated: _____
[X] Final Public Report dated: August 20, 2003
[ ] 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 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

[ ] No prior reports have been issued by the developer.

[X] Changes made since the Final Public Report are as follows:

1. Section I reflects changes to the General Contractor as noted on the Disclosure Abstract dated December 10, 2003 and changes to the Developer's Address and contact information and the change of the Project Broker to The Wailea Group LLC, as noted on the Disclosure Abstract dated October 15, 2004.

2. Section II.A reflects the Second Amendment to the Declaration of Condominium Property Regime of Wailea Beach Villas. The Second Amendment to the Declaration was done to change the interior square footage of the Business Apartment and the permissible uses of the Apartments and to provide for the administration of hospitality services for the Project. The updated area of the Business Apartment and the revised common interest percentages are reflected in the attached Exhibit "D".

3. Section II.C. reflects the First Amendment to the Bylaws of the Association of Apartment Owners of Wailea Beach Villas. The First Amendment to the Bylaws was done to empower the Board of Directors to enter into management contracts for a term of up to three years subject to termination by either with not more than ninety (90) days written notice. Termination of a management contract without cause may be subject to a reasonable termination fee payable by the Association.

4. An updated title report was ordered. The date of such report is noted in Section III.E. Exhibit "F" reflects the updated encumbrances on title. Note that the mortgage previously noted on the Final Public Report has been released and replaced with a mortgage to finance construction of the Project as reflected in Section III.E. and Exhibit "F". This mortgage will be released as to each apartment that is conveyed to a buyer. Additionally, the Affordable Housing Agreement previously noted on the Final Public Report has been released.

5. Section III.G. was amended to reflect a change to the estimated time of completion of the Project to October, 2005.

6. Section V.C. was amended to reflect a change in the updated title report referencing to certain encroachments shown on that certain Survey Map dated November 24, 1999 prepared by James R. Thompson, Land Surveyor with Walter P. Thompson, Inc., as revised September 19, 2003.

7. Section V.C. was amended to reflect a lateral beach walkway fronting the Project to be constructed to comply with the requirements of a condition of the Special Management Area Use Permit Approval.

8. Section V.C. was amended to reflect that Makena Holdings LLC, a member entity of the Managing Member of the Developer is also a member of The Wailea Group LLC, the real estate broker for the Project.

9. Section V.C. was amended to reflect the existence of a sewer line servicing the Project and adjacent properties. The respective obligations of the properties for maintenance and repair of the sewer line has not yet been established.

10. Section V.C was amended to reflect the planned renovation of the Wailea Marriott Resort, an adjacent property to the Project.

11. Section V.C was amended to reflect certain encroachments of the boundary wall footings of the Project onto an adjacent property.

12. The budget was amended to reflect the cost of the additional services provided to meet the standards for the hospitality services set forth in the Second Amendment to the Declaration. Additionally, the common interest percentages were recalculated because of the change to the interior square footage of the Business Apartment. The maintenance fees in Exhibit "G" were recalculated based on the revised budget and revised common interest percentage.

13. Exhibit "K" reflects the change in permissible uses of the Apartments as set forth in the Second Amendment to the Declaration to prohibit the sale, transfer, conveyance, lease, occupancy, rental or use of the Apartments under a time share plan or similar arrangement or program.

14. As a result of the provision of the hospitality services set forth in the Second Amendment to the Declaration, the Amended and Restated Management Agreement for Wailea Beach Villas enumerates the Managing Agent's duties with respect to the hospitality services. It is incumbent on purchasers to review the Second Amendment to the Declaration and the Amended and Restated Management Agreement to familiarize themselves with the standards being established for hospitality services.

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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 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. Additionally, it should be noted that so long as the developer owns at least one (1) apartment in the Project, to the extent permitted by applicable law, the developer has the right, but not the obligation, to appoint one director to the Board of Directors.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Lai Honua LLC
Name*
1099 Alakea Street, Suite 1604
Business Address
Honolulu, Hawaii 96813

Phone: (808) 525-5200
(Business)

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):

Members: LB Lai Honua LLC
399 Park Avenue, 8th Floor
New York, New York 10022

Lokahi Ventures LLC
1099 Alakea Street, Suite 1604
Honolulu, Hawaii 96813

Real Estate Broker*: The Wailea Group LLC
Name
3750 Wailea Alanui, #5EW
Business Address
Wailea, Maui, Hawaii 96753

Phone: (808) 875-6911
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Phone: (808) 521-0211
(Business)

General Contractor*: Dick Pacific Construction Company
Name
1280 Pauahi Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Phone: (808) 533-50000
(Business)

Condominium Managing Agent*: Destination Resorts Hawaii, Inc.
Name
3750 Wailea Alanui, Suite B-51
Business Address
Wailea, Maui, Hawaii 96753

Phone: (808) 879-1595
(Business)

Attorney for Developer: Imanaka Kudo & Fujimoto
Name
745 Fort Street Mall, Hawaii Tower, 17th Floor
Business Address
Honolulu, Hawaii 96813
Attn: Mitchell A. Imanaka, Esq.

Phone: (808) 521-9500
(Business)

* 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 _____
Book_____Page_____
[X] Filed - Land Court: Document No. 2863801

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime of Wailea Beach Villas and Condominium Map dated August 4, 2003 and recorded at said Office as Document No. 2974195.

Second Amendment to Declaration of Condominium Property Regime of Wailea Beach Villas dated June 22, 2005 and recorded at said Office as Document No. 3315758.

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._____
[X] Filed - Land Court Condo Map No. 1521

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

First Amendment to Declaration of Condominium Property Regime of Wailea Beach Villas and Condominium Map dated August 4, 2003 and recorded at said Office as Document No. 2974195.

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

The Bylaws for this condominium are:

[ ] Proposed
[ ] Recorded -Bureau of Conveyances: Document No. _____
Book_____Page_____
[X] Filed - Land Court: Document No. 2863802

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to the Bylaws of the Association of Apartment Owners of Wailea Beach Villas dated July 7, 2005 and recorded at said Office as Document No. 3315757.

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 requirement for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

[ ] Proposed [X] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.**

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	67%
House Rules	---	By a majority of the Board of Directors

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

2. Developer:

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

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

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

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

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: 3800 Wailea Alanui
County of Maui, State of Hawaii 96753

Tax Map Key (TMK) : (2) 2-1-008-091

[ ] Address [ ] TMK is expected to change because_____

Land Area: 10.740* [ ] square feet [X] acre(s)

Zoning: State land use district: urban; County Zoning: H-1 Hotel (1.1 ± acres), H-2 Hotel (6.3 ± acres), BR Business Resort (2.1 ± acres), O Open Space (1.2 acres); Kihei-Makena Community Plan: Hotel

* The Developer has the reserved right to subdivide and withdraw portions of the project land area. These rights are summarized in Exhibit "A" attached to this Report, and are more fully set forth in Article XXIV of the Declaration.

Fee Owner: Lai Honua LLC
Name
1099 Alakea Street, Suite 1604
Address
Honolulu, Hawaii 96813

Lessor: n/a
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 9
(1 Penthouse Building;
7 Villas Buildings,
1 guardhouse)

Floors Per Building 2, 3 and 5
(Penthouse Building consists of 1 building with 5 floors; Villas Buildings consist of 2 buildings with 2 floors each and 5 buildings with 3 floors each; the guardhouse has one floor)

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[X] Concrete [ ] Hollow Tile [X] Wood

[X] Other Steel and Glass

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[X] Residential	98	[ ]Yes [ ]No	[ ] Ohana	____	[ ]Yes [ ]No
[X] Commercial	1	[ ]Yes [ ]No	[ ] Industrial	____	[ ]Yes [ ]No
[X] Mix Res/Comm	98/1*	[X]Yes [ ]No	[ ] Agricultural	____	[ ]Yes [ ]No
[X] Hotel	98 **	[ ]Yes [ ]No	[ ] Recreational	____	[ ]Yes [ ]No
[ ] Timeshare	____	[ ]Yes [ ]No	[ ] Other:_____	____	[ ]Yes [ ]No

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

[X] Yes [ ] No

* There are 98 residential apartments that the Developer contemplates offering for sale. There is also one business apartment. The manager's residence area depicted on the Condominium Map is a common element.

** Note that the 98 residential apartments may be rented on a transient or short-term basis (for periods less than 6 months) due to the underlying hotel zoning.

5. Special Use Restrictions:

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

[X] Pets: Pets will not be permitted to be kept within the Project; provided that certified seeing eye dogs, signal dogs and service dogs for physically impaired persons are permitted.

[ ] Number of Occupants: _____

[X] Other: See Exhibit "K", and the Rules and Regulations of the Association of Apartment Owners of Wailea Beach Villas (House Rules)

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: Villas 14; Penthouse 7 Stairways: Villas 28; Penthouse 13 Trash Chutes: 6 (Penthouse only)

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
See Exhibit "D"					

Total Number of Apartments: 99 (98 residential; 1 business apartment)

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

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

Boundaries of Each Apartment:

see Exhibit "B"

Permitted Alterations to Apartments:

see Exhibit "C"

Apartments Designated for Owner-Occupants Only:

Not applicable; the project is located in a hotel zone, and is thus exempt from the owner-occupant presale requirement, as set forth in HRS, Section 514A-102. Note that the 98 residential apartments may be rented on a transient or short-term basis (for periods less than 6 months) due to the underlying hotel zoning.

7. Parking Stalls:

Total Parking Stalls: Penthouse: 125 (includes 9 handicap stalls; 23 compact stalls and 93 regular size stalls)
Villas: 82 (includes 4 handicap stalls; 0 compact stalls and 78 regular size stalls)

	Regular * **		Compact *		Tandem *		TOTAL *
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	52/38	0/0	12/0	0/0	___	___	64/38
Guest	0/0	0/0	0/0	0/0	___	___	0/0
Unassigned	18/0	32/44	11/0	0/0	___	___	61/44
Extra for Purchase	___	___	___	___	___	___	___
Other:							

Total Covered & Open:				
Penthouse:	70 covered/ 32 open	23 covered/ 0 open	0	125
Villas:	38 covered/ 44 open	0 covered/ 0 open	0	82

* Penthouse no./Villas no.
** Includes handicap stalls

Each apartment will have the exclusive use of at least one (1) parking stall.
Additional parking stalls will be assigned by the managing agent on a first-come, first-served basis upon check-in.
Buyers are encouraged to find out which stall(s) will be available for their use.

[ ] Commercial parking garage permitted in condominium project. N/A

[X] 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.

[X] Swimming Pools [X] Storage Area [X] Recreation Area

[ ] Laundry Areas [ ] Tennis Court [X] Trash Enclosure(s)

[X] Other: Fitness center, locker room, owner's pool lounge and kitchen, owners lobby lounge, game room, lanais and kitchen, business center and conference room.

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

[X] There are no violations. [ ] Violations will not be cured.

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

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

Not Applicable

11. Conformance to Present Zoning Code

a. [ ] No variances to zoning code have been granted.

[X] Variance(s) to zoning code was/were granted as follows:

Special Management Area Use Permit SM1 2001/0001 and Shoreline Setback Variance SSV 2001/0001.

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] described in Exhibit "E".

[ ] as follows:

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

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

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

[ ] described in Exhibit ___.

[X] as follows:

1. The Residential Apartments, as such term is defined in the Declaration shall have appurtenant thereto, as Limited Common Elements, the parking stalls assigned to each such Residential Apartment, as set forth in Exhibit "B" of said Declaration and in Exhibit "D" attached hereto. Certain Residential Apartments also have lanais, porches and/or balconies and storage as Limited Common Elements, as set forth in Exhibit "B" of said Declaration and in Exhibit "D" attached hereto.

2. The Business Apartment, which is created with the intent that business be conducted in it, shall have appurtenant thereto, as Limited Common Elements, the following areas and such other areas as may be depicted on the Condominium Map as being "Limited Common Area":

   a. Two waiting areas adjacent to the Business Apartment (totaling approximately 368.54 square feet);
   b. The telephone system and all appurtenances thereto; and
   c. The parking stalls and storage lockers, if any, assigned to the Business Apartment, as set forth in said Exhibit "B" to said Declaration and Exhibit "D" attached hereto.

   all as depicted on the Condominium Map, as amended.

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

[X] described in Exhibit "D".

[ ] 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 August 19, 2005, 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults Or Lien is Foreclosed **Prior to Conveyance**
* Construction Mortgage	The developer has obtained a loan to finance the construction of the project. The loan is secured by that certain Construction Mortgage with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing ("Construction Mortgage") made between Lai Honua, LLC, a Delaware limited liability company as mortgagor and First Hawaiian Bank, a Hawaii corporation, as mortgagee, dated March 19, 2004 which constitutes a blanket lien on the entire project. Upon conveyance of an apartment to a buyer, the mortgage will be released as to the apartment being conveyed. If there is a default and foreclosure of the mortgage prior to conveyance, the buyer may lose the right to buy the apartment, and may also lose his or her deposit.

F. **Construction Warranties:**

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

1. Building and Other Improvements:

The Developer does not make any warranties for the Project, but merely intends to pass on any warranties made to it by the general contractor (or any other contractor or subcontractor) for the Project to correct any work found to be defective within the applicable warranty period. The general contractor will provide a warranty for work found to be defective within one-year after the date of substantial completion of the Project.

2. Appliances:

The Developer will pass on the manufacturer's warranties made to it, if any, on any appliances, products, equipment or other items and furnishings included as part of the apartment being conveyed.

Note (as to 1 and 2 above): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the apartments, the project, the common elements thereof, or as to any appliances, products, equipment or other items and furnishings contained within the apartments or the project.

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

It is contemplated that the construction of the Project will commence on or about August 2003. The Developer estimates that the Project will be completed on or about October 2005. The Developer can offer no guaranty, however, as to when construction will start, or when it will be completed. There are many factors that will impact on this, including the number of sales of apartments in the project, timing of closing the construction loan, the condition of financial markets, and other factors.

H. **Project Phases:**

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

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

The Developer presently intends to develop the Wailea Beach Villas ("Project") as one (1) project consisting of seven (7) Villas Buildings and one (1) Penthouse Building. The Developer, however, has reserved rights in the Declaration to later withdraw a portion of the Project (either Wailea Beach Villas I Land Area or Wailea Beach Villas II Land Area), as depicted in 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, 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). 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 **

* 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.

** Telephone expenses included in the maintenance fees include only those expenses incurred by the telephones located in the common elements. The telephone expenses for the telephones located inside the apartments will be the responsibility of each apartment owner.

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

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

[X] Escrow Agreement dated September 12, 2002.

Exhibit "I" contains a summary of the pertinent provisions of the escrow agreement.

[X] Other: Apartment Deed. Exhibit "J" contains a summary of the pertinent provisions of the apartment deed.

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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 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, 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: Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions, as supplemented by instrument dated April 30, 1987, filed as Document No. 1464901; Grant of Entry Feature Easement and Rock Wall and Landscaping Easement dated December 14, 2004 filed as Document No. 3207101; draft Grant of Easement and Consent (Boundary Wall).

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

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 [ ] GREEN paper stock

C. **Additional Information Not Covered Above**

1. The Project is subject to that certain Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions ("Master Declaration"), dated July 13, 1998, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2479882, as now or hereafter amended, and all rules and regulations promulgated under the Master Declaration. By acquiring an interest in Project, each Owner agrees to observe and comply with all covenants, conditions and other restrictions to which the Project is subject under the Master Declaration.

   The Owners of property in the Wailea Beach Villas shall automatically become members of the Wailea Community Association ("Wailea Association") and shall be obligated to perform and observe all of the provisions of the Master Declaration. Such provisions include, but are not limited to, the following use and development restrictions further explained in Article V of the Master Declaration:

   a. No noxious or offensive activities shall be carried on in the Project, nor shall anything be done or placed thereon which may be or become a nuisance, or cause embarrassment, disturbance or annoyance to the other Owners. Without limiting the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively to protect the security of the improvements, shall be placed or used without the Design Committee's, as established in Article IV of the Mater Declaration, prior approval.

   b. No fence shall be constructed on any lot without the Design Committees approval.

   c. No time share ownership plan or time share use plan, as defined in Hawaii Revised Statutes, Chapter 514E, shall be permitted to exist within any lot or with respect to the use, occupancy or ownership of any lot.

   d. All exterior colors shall be subject to approval of the Design Committee. Predominantly colors of earthtone, pastel, or other subdued colors should be used with spots of brighter colors for smaller, nondominating architectural features, such as sunshades, canvasses, umbrellas, canopies and doors.

   e. The design, colors and materials of all outdoor furniture, including benches, trash receptacles, planters, telephone booths and graphics should be compatible with the Wailea project design. To avoid visual clutter of outdoor furniture at common locations, consideration should be given to consolidating these uses.

   f. No tennis courts may be constructed or placed on any lot except the Declarant, as defined in the Master Declaration, except with the Declarant's prior written consent.

   g. Outside clotheslines or other outside clothes washing, drying or airing facilities shall be screened or maintained in such a manner and in such location as not to be visible from neighboring properties or roads.

   h. No Apartment Owner shall store furniture, fixtures, appliances or other goods or materials in such a manner as to be visible from neighboring properties or roads, except for normal outdoor furniture and fixtures.

   i. Unless waived by the Board of Directors of the Wailea Association, each Apartment Owner shall at all times keep all improvements owned by such Owner insured against loss or damage on an all risk basis in an amount equal to the full replacement cost thereof (but with a reasonable deductible as is customary in the industry), and shall pay all premiums thereon when due.

   j. All garages for Single-Family Residential lots, as defined in the Master Declaration, shall be fully enclosed with roll-up doors or covered wooden doors and shall accommodate at least two cars. Porte cocheres are permitted for Single-Family Residential lots. Carports are permitted for condominium projects, subject to Design Committee prior approval.

   NOTE: THIS LIST OF USE AND DEVELOPMENT RESTRICTIONS IS NOT EXHAUSTIVE. PURCHASER SHOULD REVIEW THE WAILEA COMMUNITY DECLARATION IN ITS ENTIRETY FOR A COMPREHENSIVE EXPLANATION OF RESTRICTIONS AND LIMITATIONS ON PURCHASER'S USE AND DEVELOPMENT RIGHTS. THE PURCHASER SHOULD ACCORDINGLY REQUEST A COPY OF THE MASTER DECLARATION FROM THE DEVELOPER.

2. The Project is located within a Special Management Area under Hawaii Revised Statutes Chapter 205A, Part II, which generally requires that certain types of development may require application and issuance of a Special Management Area use permit. Pursuant to application by the developer, on July 12, 2001, the Planning Commission of the County of Maui issued Special Management Area use permit SM1 2001/0001 for the project, which permits construction of the project. The Special Management Area (SMA) permit and the Shoreline Setback Variance issued by the County of Maui establishes certain

conditions for the project, and will be available for review on request. The Planning Commission of the County of Maui has the authority to modify the SMA permit.

a. Pursuant to Condition No. 23 of the SMA permit, and as relocated pursuant to a letter dated August 13, 2004 from the Planning Director of the County of Maui, a six (6) foot wide lateral beach walkway will be constructed fronting the Project.

3. The property is located adjacent to two (2) hotels and a retail shopping center. Potential purchasers should be aware of these existing adjoining hotel and retail uses in the area and the impacts therefrom.

4. The property is located within the flood zone/tsunami inundation area, and buyers should inquire with the developer to learn more about potential risks.

5. In order to ensure the continuing operation of the Project as a first-class resort destination, Apartment Owners are required to abide by certain standards for hospitality services. Potential purchasers should be aware of these provisions that are further explained in the Second Amendment to the Declaration or Condominium Property Regime of Wailea Beach Villas.

6. Prospective purchasers are hereby advised that Lambert Capital Corporation, and Makena Holdings LLC, member entities of Lokahi Ventures LLC (the Managing Member of the Developer, Lai Honua LLC) are also members of The Wailea Group LLC, the real estate broker for the Project.

7. A sewer line servicing the Project runs from the Wailea Marriott Resort, through the Project and the Grand Wailea Resort to a county pump station. The respective obligations of the parties for maintenance and repair of the sewer line is currently not established but may result in an increase in maintenance fees.

8. Purchasers should be aware that the neighboring property to the north of the Project, the Wailea Marriott Resort, has applied for a Special Management Area use permit and Planned Development approval from the County of Maui and other applicable regulatory agencies as required. The Wailea Marriott is seeking approval of renovation to existing structures and for new building construction to be added to the Wailea Marriott Resort property. Such renovation may include, but not be limited to (i) the construction of a free-standing bar and restaurant facility for seating up to 200 people on the southwest corner of the property and abutting the northwest corner of the Project; (ii) the construction of a service road, valet facility and a "drop off" road for the restaurant and bar guests and service providers adjacent to a portion of the northern boundary of the Project; (iii) the increase in the height of the meeting room facility and parking structure; and (iv) the installation of landscaping, including landscaping within the view plane from the Project to the ocean. Potential purchasers should be aware of the proposed renovation work and the potential impacts therefrom and may inquire to the County of Maui's Planning Department for any additional information pertaining to the Wailea Marriott Resort's proposed development plans.

9. Portions of the Project's boundary wall footings encroach onto the property of the Grand Wailea Resort. The Developer is currently seeking approval of the adjoining property owner of an encroachment agreement.

10. The encroachments as shown on the survey map prepared by James R. Thompson, Land Surveyor, with Walter P. Thompson, Inc., dated November 24, 1999, last revised September 19, 2003, shall, if required by any mortgagee of an interest in the Project, be addressed by the Developer by way of an encroachment agreement or other agreement or arrangement acceptable to such mortgagee, the Developer and the adjacent property owner(s).

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-1.6] (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.

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_____
Paul T. Lambert
Its President

"Developer"

JUN 22 2006
_____
Date

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"

RIGHTS RESERVED BY DEVELOPER

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the Declaration. Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. **RESERVED RIGHT TO GRANT EASEMENTS.** This right is set forth at Article XVIII of the Declaration. The Developer will have, among other things, the right until December 31, 2022, to grant easements over the Common Elements of the Project, and to accept easements for the Project.

B. **RESERVED RIGHT TO ALTER, SUBDIVIDE AND CONSOLIDATE APARTMENTS.** This right is set forth in Article XIX of the Declaration. The Developer will have the right, to and until December 31, 2022, to (i) alter the floor plan of any Apartment which it owns, (ii) cause the subdivision of any Apartment that it owns into two (2) or more Apartments and convert certain portions of the existing Apartment to Common Element status to facilitate said subdivision, (iii) to consolidate any two (2) Developer-owned Apartments separated by a party wall, iv) convert certain portions of an existing Apartment to Common Element status to facilitate any subdivision, or convert certain Common Element areas to Apartment status to facilitate any consolidation, provided that the total Common Interest appurtenant to the newly-created Apartments shall equal the Common Interest appurtenant to the original Apartment(s).

C. **RESERVED RIGHT TO MODIFY PROJECT TO COMPLY WITH LAW.** This right is set forth in Article XX of the Declaration. The Developer will have the right until December 31, 2022 to effect all modifications to Apartments and Common Elements in the Project to ensure full compliance by the Project, the Association and the Developer with laws which apply to the Project, including the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including all rules and regulations promulgated thereunder, and the Americans with Disabilities Act, as amended, 42 U.S.C. §§12101 et seq., including all rules and regulations promulgated thereunder.

D. **RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS APPURTENANT TO BUSINESS APARTMENT.** This right is set forth in Article XXI of the Declaration. The Owner of the Business Apartment shall have the reserved right, but shall have no obligation, to operate, convey, sell, lease and/or utilize all of any part of the Limited Common Elements which are appurtenant to such Apartment, for any purpose permitted by law, including, without limitation, providing services and amenities conducive to a first-class resort destination.

E. **RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS.** This right is set forth in Article XXII of the Declaration. The Developer shall have the right, to and until December 31, 2022, to amend the Declaration to designate all or a portion of certain Limited Common Elements as may be appurtenant to any Apartment owned by the Developer, to another Apartment or Apartments owned by the Developer, and to execute, file and deliver any amendments to the Declaration and to the Condominium Map as may be necessary or required to effect the same.

F. **RESERVED RIGHT REGARDING SPECIAL MANAGEMENT AREA PERMIT.** This right is set forth in Article XXIII of the Declaration. The Developer will have the reserved right to and until December 31, 2022, to amend the Declaration, to enter into any agreements and to grant easements and to do all things necessary and convenient to satisfy the requirements of that certain Special Management Area Permit SM1 2001/0001, dated July 12, 2001, and Shoreline Setback Variance No. SSV 2001/0001, dated July 12, 2001, pertaining to the Project, and to execute, file and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to the Declaration and to the Condominium Map.

G. **RESERVED RIGHT TO SUBDIVIDE, WITHDRAW AND CONVEY LAND AND/OR APARTMENTS.** This right is set forth in Article XXIV of the Declaration. Developer shall have the reserved right, to and until December 31, 2022, to subdivide and withdraw from the operation of this Declaration either the Wailea Beach Villas I Land Area, or the Wailea Beach Villas II Land Area (as depicted on the Condominium Map); provided that this reserved right shall expire upon the sale and conveyance by Developer of the first Apartment in the Project, or the first closing of a

sale of all of the Apartments in the Project in a bulk sale. Developer shall have the further reserved right to enter and go upon the Land to do all things necessary or proper to effectuate such subdivision and withdrawal of portions of the Land, including, without limitation, making surveys to undertake a reasonable realignment of boundaries of the Land (it being understood that the Developer shall have the reserved right to effect any such realignment), and to facilitate the granting, reserving, adding, deletion, reception, realignment and/or relocating of easements and/or rights of ways for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, and of all other required easements.

In any event that the Wailea Beach Villas II Land Area shall be withdrawn, Developer shall have the reserved right to utilize all of Residential Apartment G-101 for purposes of facilitating the provision of services to Apartment Owners and the Project, including, without limitation, the provision of check-in and check-out services, concierge services, workout facilities, a business office and entertainment area, provided that this shall not be deemed a representation by Developer that such services will be provided at the Project.

H. **RESERVED RIGHT TO SUBSTITUTE DESCRIPTION OF THE LAND.** This right is set forth in Article XXV of the Declaration. In the event the land underlying the Project is subdivided, Developer shall have the right, to and until December 31, 2022, to identify and substitute the Land referenced in Exhibit "A" of the Declaration a description of a subdivided portion of the Land, which constitutes a separate, legal lot. Developer shall accordingly have the right to effect an amendment to the Declaration to substitute for the description set forth in Exhibit "A" a new description which will describe such subdivided lot.

I. **RESERVED RIGHT TO ESTABLISH AND/OR ADJUST BOUNDARIES OF LIMITED COMMON ELEMENT PRIVATE YARD AREAS.** This right is set forth in Article XXVI of the Declaration. The Developer shall have the right, prior to the closing of the sale of the first Apartment in each Villas Building, to establish and/or adjust the boundaries of yard areas adjacent to certain ground-level Apartments in the Villas Buildings and amend the Declaration and/or Condominium Map in the exercise of this right without consent or joinder of any other party, including the Apartment Owners and their respective mortgagees.

J. **RESERVED RIGHT TO MERGE AND CONSEQUENCES OF MERGER.** This right is set forth in Article XXVII of the Declaration. Developer has the reserved right, to and until December 31, 2022, to merge any project created on the area withdrawn with the Project as it may be then constituted, all as though such project and the Project had been developed as a single project, without being required to obtain the joinder or consent of any apartment owner, lienholder or other person. Developer may affect said merger as provided in and in accordance with Article XXVII of the Declaration.

In the event Developer elects to merge ownership of the projects in addition to effecting the administrative merger of projects, the provisions of Article XXVIII of the Declaration shall control. Upon occurrence of an ownership merger, Developer shall have the reserved right to file individual amendments to each apartment deed, or a single amendment for all affected apartments, that reflect the newly-assigned undivided percentage interest appurtenant to the respective apartments after merger. In the event that such change is implemented, each apartment in the merged project shall have appurtenant thereto the undivided percentage interest in the common elements of the merged project equal to the proportionate interest calculated when the net living area of the apartment is divided by the total aggregate net living area of all apartments in the merged project. The Grantor shall have the absolute right, notwithstanding the lease, sale, conveyance or mortgaging of any or all of the apartments in any of the projects being merged, and without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, to effect a merger in accordance with the provisions of Article XXVIII of the Declaration.

K. **ASSIGNMENT OF RESERVED RIGHTS.** Pursuant to Article XXIX of the Declaration, the rights reserved by the Developer are fully assignable.

L. **DEVELOPER'S RIGHT TO ACT FOR OWNERS AND OTHERS.** Each and every party acquiring an interest in the Project, by such acquisition, consents to Developer's exercise of its reserved rights and to the execution, delivery and filing (if necessary) of any and all documents necessary to effect these rights, including any amendment or amendments of the Declaration and the Condominium Map; agrees to execute, deliver and file such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns such party's attorney-in-fact with full power of substitution to execute, deliver and file

such documents and instruments and do such other things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of these reserved rights, and shall not be affected by the disability of such party or parties. Without limitation to the generality of the rights reserved unto Developer, Developer will have the right to execute, deliver and file any amendment to the Declaration or to the Condominium Map, Bylaws and/or House Rules, any easement instrument, any deed, any amendment to an apartment deed, certificate of merger, assignment of rights or interest, any necessary land court petitions with the Land Court to note any recalculated common interest appurtenant to any Apartment, or such other document or instrument that may be necessary or appropriate to permit Developer to exercise its rights pursuant to the provisions of the Declaration.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

Each Apartment of the Project shall be deemed to include: (i) all of the walls and partitions which are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment, (iv) the inner decorated or finished surfaces of any doors, door frames, windows or window frames, (v) all appliances and fixtures installed therein, and replacements therefor, and (vi) the grottos adjacent to certain Apartments in the Villas Buildings, as shown on the Condominium Map.

The Apartments of the Project shall not be deemed to include: (a) the perimeter or party walls or the undecorated or unfinished interior surfaces thereof, (b) the floors and ceilings surrounding each Apartment or the undecorated or unfinished surfaces thereof, (c) the perimeter doors, door frames, windows and window frames and all hardware associated therewith, or the undecorated or unfinished interior surfaces thereof, (d) the interior load-bearing walls and columns, if any, or the undecorated or unfinished surfaces thereof, or (e) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized for or serve more than one Apartment, the same being deemed Common Elements as provided in Article II, Section C. of the Declaration.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. **GENERAL PROVISIONS**. Except as otherwise expressly provided in the Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of the Declaration in accordance with Article XIII thereof, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association or Owner, as the case shall be, shall duly file such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

B. **ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT**. Notwithstanding anything to the contrary contained in the Declaration, each Owner of an Apartment shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, but with notice to the Association and with prior written approval of the Board, to make any of the following alterations solely within the Apartment or Limited Common Element which such Owner controls: to install, maintain, remove and rearrange partitions (including the party wall between two Apartments owned by the same Owner) and other structures from time to time within such Apartment or Limited Common Element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment or Limited Common Element by such Owner or the tenants or lessees thereof, and to tile (subject to acoustical transfer considerations), re-carpet, and do or cause to be done such work on the floors of any Apartment or Limited Common Element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would be inconsistent with a first-class resort destination, jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment or Limited Common Element, materially alter the uniform external appearance of the Project, materially increase the transfer of sounds, noise, air or smoke to other Apartments or Common Elements, materially affect or impair any easement or rights of any of the other Apartment Owners or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Common Elements; subject, however, to the exclusive use of the Limited Common Elements. The Board will have the right to form an architectural review committee, and to establish such procedures as it deems appropriate to process any Owner-initiated request for modifications or alterations of Apartments. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require same, in order that the buildings of the Project may continue to comply with applicable law, including any fire code requirements. As set forth in the House Rules, unless otherwise permitted by the Board, no alterations or work will be done between Thanksgiving and Easter. Violations of this prohibition may result in fines determined by the Board.

C. **APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES**. In the event that any change or alteration of an Apartment pursuant to and in compliance with Section B. above shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof in the Declaration, then the Owner of such Apartment shall amend the Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments and by no other party, and such shall become effective upon the filing thereof in the Office of the Registrar of the Land Court of the State of Hawaii. The provisions of Article XIII of the Declaration notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered. Every Apartment Owner and all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute, deliver and file all instruments and documents

necessary or desirable to effect the amendment of the Declaration and/or the Condominium Map; and appoints such Owner and his assigns his attorney-in-fact with full power of substitution to execute, deliver and file such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL RESTRICTIONS ON ALTERATIONS TO APARTMENTS CONTAINED IN THE PROJECT DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF RIGHTS AND OBLIGATIONS UNDER THE PROJECT DOCUMENTS, PURCHASER MUST REFER TO THE DECLARATION, BYLAWS AND HOUSE RULES TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PROJECT DOCUMENTS, THE PROJECT DOCUMENTS WILL CONTROL.

EXHIBIT "D"

Apartment Numbers, Bedrooms/Bathrooms, Approximate Net Square Footage of Apartments, Approximate Net Square Footage of Lanais, Approximate Net Square Footage of Porch or Balcony (and Grotto, if applicable) Percentage of Common Interest, Parking Stall Assignments (and Storage Locker Assignments, if applicable) for the Penthouse Building and the Villas Buildings

Penthouse Building

Apt. No.	Bedrooms/ Bathrooms	Approximate Net Square Footage of Apartments	Total Approximate Net Square Footage of Lanais[1]	Approximate Net Square Footage of Porch or Balcony	Percentage of Common Interest[2]	Parking Stall Assignment[3]	Storage Locker Assignment[4]
101	3/3	2179.85	474.35	n/a	0.912511%	P87C	S54
102	2/2	1899.27	289.53	n/a	0.795057%	P86C	S53
103	3/3	1960.56	300.2	n/a	0.820714%	P79C	S49
104	2/2	1899.27	289.53	n/a	0.795057%	P78C	S48
105	3/3	1960.56	300.2	n/a	0.820714%	P72C	S44
106	2/2	1899.27	289.53	n/a	0.795057%	P71C	S43
107	2/2	1899.27	289.53	n/a	0.795057%	P28C	S23
108	2/2.5	2375.41	315.05	38.89 (porch)	0.994375%	P30	S18
109	3/3	2520.91	324.11	n/a	1.055283%	P54C	S41
110	2/2	1899.27	289.53	n/a	0.795057%	P53C	S40
111	2/2	1899.27	289.53	n/a	0.795057%	P52C	S39
112	3/3	2179.85	830.65	n/a	0.912511%	P51C	S38
201	3/3	2179.85	560.22	n/a	0.912511%	P91	S57
202	2/2	1978.08	375.80	n/a	0.828048%	P90	S4

[1] Each Apartment has adjacent to it a "mauka" lanai and a "makai" lanai, except for Apartment 108, which does not have a "mauka" lanai. The lanais are limited common elements appurtenant to the apartment to which they abut. Specifics on use and control of the lanais are set forth in the Declaration, Bylaws, House Rules, and other project documents.

[2] The common interest for the Project was calculated based on the total net square footage of all Apartments in both the Penthouse Building and the Villas Buildings, as set forth above.

[3] The parking stalls are designated on the Condominium Map for the project, and are assigned to the Apartments as indicated. If a stall has a "C" following the number, it is a "compact" stall. If it has no letters following the number, it is a "regular" stall.

[4] The storage lockers are designated on the Condominium Map for the project, and are assigned to the Apartments as indicated. Apartments in the Villas Buildings do not have assigned storage lockers.

Apt. No.	Bedrooms/ Bathrooms	Approximate Net Square Footage of Apartments	Total Approximate Net Square Footage of Lanais[1]	Approximate Net Square Footage of Porch or Balcony	Percentage of Common Interest[2]	Parking Stall Assignment[3]	Storage Locker Assignment[4]
203	3/3	1960.56	386.9	n/a	0.820714%	P82	S8
204	2/2	1978.08	375.80	n/a	0.828048%	P83	S60
205	3/3	1960.56	386.9	n/a	0.820714%	P74	S12
206	2/2	1978.08	375.80	n/a	0.828048%	P75	S59
207	2/2	1978.08	375.80	n/a	0.828048%	P19	S13
208	3/3	2892.92	627.49	42.78 (balcony)	1.211010%	P29	S17
209	3/3	2520.91	409.98	n/a	1.055283%	P35	S26
210	2/2	1978.08	375.80	n/a	0.828048%	P57	S22
211	2/2	1978.08	375.80	n/a	0.828048%	P40	S30
212	3/3	2179.85	560.22	n/a	0.912511%	P48	S35
301	3/3	2179.85	556.98	n/a	0.912511%	P93	S56
302	2/2	1978.08	372.55	n/a	0.828048%	P6	S3
303	3/3	1960.56	382.5	n/a	0.820714%	P85	S52
304	2/2	1978.08	372.55	n/a	0.828048%	P84	S51
305	3/3	1960.56	382.5	n/a	0.820714%	P77	S47
306	2/2	1978.08	372.55	n/a	0.828048%	P76	S46
307	2/2	1978.08	372.55	n/a	0.828048%	P20	S14
308	3/3	2892.92	452.31	42.78 (balcony)	1.211010%	P61	S16
309	3/3	2520.91	405.37	n/a	1.055283%	P60	S25
310	2/2	1978.08	372.55	n/a	0.828048%	P58	S32
311	2/2	1978.08	372.55	n/a	0.828048%	P46	S29
312	3/3	2179.85	556.98	n/a	0.912511%	P42	S34
401	3/3	2179.85	556.98	n/a	0.912511%	P2	S58
402	2/2	1978.08	372.55	n/a	0.828048%	P89	S55
403	3/3	1960.56	382.5	n/a	0.820714%	P81	S50
404	2/2	1978.08	372.55	n/a	0.828048%	P8	S7
405	3/3	1960.56	382.5	n/a	0.820714%	P73	S45
406	2/2	1978.08	372.55	n/a	0.828048%	P18	S11
407	2/2	1978.08	372.55	n/a	0.828048%	P21	S15
408	3/3	2892.92	452.31	42.78 (balcony)	1.211010%	P25	S20
409	3/3	2520.91	405.37	n/a	1.055283%	P39	S24
410	2/2	1978.08	372.55	n/a	0.828048%	P59	S33
411	2/2	1978.08	372.55	n/a	0.828048%	P47	S28
412	3/3	2179.85	556.98	n/a	0.912511%	P49	S37

Apt. No.	Bedrooms/ Bathrooms	Approximate Net Square Footage of Apartments	Total Approximate Net Square Footage of Lanais[1]	Approximate Net Square Footage of Porch or Balcony	Percentage of Common Interest[2]	Parking Stall Assignment[3]	Storage Locker Assignment[4]
501	3/3	2179.85	556.98	n/a	0.912511%	P1	S1
502	2/2	1978.08	372.55	n/a	0.828048%	P5	S2
503	3/3	1960.56	382.5	n/a	0.820714%	P11	S5
504	2/2	1978.08	372.55	n/a	0.828048%	P9	S6
505	3/3	1960.56	382.5	n/a	0.820714%	P15	S9
506	2/2	1978.08	372.55	n/a	0.828048%	P17	S10
507	2/2	1978.08	372.55	n/a	0.828048%	P24	S21
508	3/3	2892.92	452.31	42.78 (balcony)	1.211010%	P26	S19
509	3/3	2520.91	405.37	n/a	1.055283%	P37	S27
510	2/2	1978.08	372.55	n/a	0.828048%	P56	S42
511	2/2	1978.08	372.55	n/a	0.828048%	P45	S36
512	3/3	2179.85	556.98	n/a	0.912511%	P43	S31
Business[5] Apartment	n/a	1800.54		n/a	0.753710%	P22/P23 P65C/P66	N/A
Subtotal		128625.82	24384.07		53.844284%		

Villas Buildings

Apt. No.	Bedrooms/ Bathrooms	Approximate Net Square Footage of Apartments	Total Approximate Net Square Footage of Lanais[6]	Approximate Net Square Footage of Grotto[7]	Percentage of Common Interest[8]	Parking Stall Assignment[9]

[5] The Business Apartment shall have waiting areas, the telephone system and all appurtenances thereto, and the parking stalls and storage lockers set forth herein appurtenant to it as limited common elements.

[6] Each Apartment has adjacent to it an "entry" lanai, "mauka" lanai and a "makai" lanai. The lanais are limited common elements appurtenant to the apartment to which they abut. Specifics on use and control of the lanais is set forth in the Declaration, Bylaws, House Rules, and other project documents.

[7] The grottos are part of each Apartment, and the approximate net square footage of the grotto is set forth for informational purposes only.

[8] The common interest for the Project was calculated based on the total net square footage of all Apartments in both the Penthouse Building and the Villas Buildings.

Apt. No.	Bedrooms/ Bathrooms	Approximate Net Square Footage of Apartments	Total Approximate Net Square Footage of Lanais[6]	Approximate Net Square Footage of Grotto[7]	Percentage of Common Interest[8]	Parking Stall Assignment[9]
A101	3/3.5	2879	415	81	1.205183%	A4
A102	3/3.5	2931	604	92	1.226951%	A3
A201	3/3.5	2863	481	88	1.198486%	A2
A202	3/3.5	2919	634	97	1.221928%	A1
B101	3/3.5	2879	415	81	1.205183%	B4
B102	3/3.5	2931	604	92	1.226951%	B3
B201	3/3.5	2863	481	88	1.198486%	B2
B202	3/3.5	2919	634	97	1.221928%	B1
C101	3/3.5	2889	402	81	1.209369%	C1
C102	3/3.5	2931	604	92	1.226951%	C2
C201	3/3.5	2879	470	88	1.205183%	C3
C202	3/3.5	2919	634	97	1.221928%	C4
C301	3/3.5	2863	481	n/a	1.198486%	C5
C302	3/3.5	2934	634	n/a	1.228207%	C6
D101	3/3.5	2889	402	81	1.209369%	D6
D102	3/3.5	2931	604	92	1.226951%	D5
D201	3/3.5	2879	470	88	1.205183%	D4
D202	3/3.5	2919	634	97	1.221928%	D3
D301	3/3.5	2863	481	n/a	1.198486%	D2
D302	3/3.5	2934	634	n/a	1.228207%	D1
E101	3/3.5	2889	402	81	1.209369%	E3
E102	3/3.5	2931	604	92	1.226951%	E4
E201	3/3.5	2879	470	88	1.205183%	E2
E202	3/3.5	2919	634	97	1.221928%	E5
E301	3/3.5	2863	481	n/a	1.198486%	E1
E302	3/3.5	2934	634	n/a	1.228207%	E6
F101	3/3.5	2889	402	81	1.209369%	F3
F102	3/3.5	2931	604	92	1.226951%	F4
F201	3/3.5	2879	470	88	1.205183%	F2
F202	3/3.5	2919	634	97	1.221928%	F5

[9] There are two (2) detached parking garages, each with four (4) parking stalls. There are also an additional five (5) detached parking garages, each with six (6) parking stalls. The parking stalls are designated on the Condominium Map for the project, and are assigned to the Apartments as indicated.

Apt. No.	Bedrooms/ Bathrooms	Approximate Net Square Footage of Apartments	Total Approximate Net Square Footage of Lanais[6]	Approximate Net Square Footage of Grotto[7]	Percentage of Common Interest[8]	Parking Stall Assignment[9]
F301	3/3.5	2863	481	n/a	1.198486%	F1
F302	3/3.5	2934	634	n/a	1.228207%	F6
G101	3/3.5	2889	402	81	1.209369%	G3
G102	3/3.5	2931	604	92	1.226951%	G4
G201	3/3.5	2879	470	88	1.205183%	G2
G202	3/3.5	2919	634	97	1.221928%	G5
G301	3/3.5	2863	481	n/a	1.198486%	G1
G302	3/3.5	2934	634	n/a	1.228207%	G6
Subtotal		110259	20393	2506	46.155716%	
Total[10]		**238,884.82**			**100.000000%**	

Location of Apartments.

a. Penthouse Building

Sixty-one (61) of the Apartments of the Project are located in the "Penthouse Building" as the same is depicted on the Condominium Map. The Penthouse Building is comprised of five (5) floors, and there are twelve (12) apartments on each floor, except that there are thirteen (13) apartments on the second floor of the Penthouse Building, which includes the Business Apartment.

b. Villas Buildings

Thirty-eight (38) of the Apartments of the Project are located in Buildings A through G. Buildings A and B each have two (2) floors, and Buildings C, D, E, F, and G each have three (3) floors. There are two (2) Apartments on each floor of each building.

Layout of Apartments.

a. Penthouse Building

All Apartments of the Penthouse Building (except for the Business Apartment) have the number of bedrooms and bathrooms indicated in the table above, an entry area, storage area, one (1) kitchen, one (1) laundry room, one (1) dining room and one (1) "great" room. The Business Apartment, located on the second level, is further described in the Condominium Map. All

[10] The Common Interest percentages are calculated based on the total approximate net square footages of all the apartments in the Penthouse Building and the Villa Buildings.

Apartments in the Project, excluding the following Apartments, also have a den: 101, 103, 105, 112, 201, 203, 205, 212, 301, 303, 305, 312, 401, 403, 405, 412, 501, 503, 505 and 512.

b. Villas Buildings

All Apartments of the Villas Buildings have the number of bedrooms and bathrooms indicated in the table above, an entry area, storage area, one (1) kitchen, one (1) "great" room and one (1) laundry room. All Apartments in the Project excluding the following Apartments also have a grotto: C301, C302, D301, D302, E301, E302, F301, F302, G301 and G302.

Determination of Approximate Net Square Footage.

The approximate net square footage of each Apartment in the Project was determined by measuring the area between the perimeter walls of each Apartment, and includes the area occupied by both the non-load bearing and load-bearing walls located between said perimeter walls.

Calculation of Percentage of Common Interest.

The common interest attributable to each Apartment in the Project was calculated by dividing the approximate net square footage of each individual Apartment by the total net square footage of all Apartments within the Project (from both the Penthouse Building and the Villas Buildings).

In order to permit the common interest for all Apartments in the Project to equal exactly one hundred percent (100%), the common interest attributable to the Business Apartment in the Penthouse Building was decreased by .000017 percent (.000017%).

Parking Stall and Storage Locker Assignments.

Each Apartment in the Project will have assigned to it, for its exclusive use, as limited common elements, the parking stall or garage (as applicable) and, only as to Apartments in the Penthouse Building, the storage locker designated above as being assigned to the Apartment.

EXHIBIT "E"

COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

One freehold estate is hereby designated in the remaining portions of the Project, which do not constitute Apartments, herein called the "Common Elements," including specifically but not limited to:

1. The Land in fee simple and any appurtenances thereto as described on Exhibit "A" to the Declaration, subject, however, to the reserved right of the Developer to subdivide and withdraw a portion of the Project as set forth in Article XXIV of the Declaration;*

2. All perimeter or party walls and the undecorated or unfinished surfaces thereof, any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, escalators, exterior stairs and stairways, main walls, roofs and ceilings;

3. All perimeter doors, door frames, windows, window frames, and all hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; whether at the perimeter of a Building Structure or at the perimeter of an Apartment;

4. All yards, grounds and landscaping, including the bridges, barbeque area(s), and all trash enclosures within the Project;

5. All roads, driveways, access lanes, paved areas, ramps, loading dock areas and walkways within the Project;

6. The swimming pools, deck areas, spas, and all other amenities and improvements to the common spaces, including the fitness center, locker room, owner's pool lounge and kitchen, owner's lobby lounge, game room and kitchen, business center and conference room;

7. The housekeeping areas, lobbies, employee break room, bathrooms, trash areas, conference room, guardhouse, mail alcove and covered lanais appurtenant to lobby areas (provided that the use of such areas may change);

8. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution; provided that the telephone system and all appurtenances thereto shall be deemed a Limited Common Element, and shall be owned by Developer;

9. All unimproved areas, maintenance and storage areas and other similar areas which are not part of an Apartment;

10. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus;

11. The space between the ceiling and the roof of the garage buildings for the Villas Buildings; and

12. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

*NOTE: The Developer presently intends to develop the Wailea Beach Villas ("Project") as one (1) project. However, Developer has reserved the right to subdivide and withdraw certain portions of the Land defined as the Wailea Beach Villas I Land Area or the Wailea Beach Villas II Land Area in the Declaration, from the Project.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes which may be due and owing. Reference is made to the Real Property Tax Office, County of Maui.

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

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

4. Designation of Easement "71", as shown on Map No. 19, as set forth by Land Court Order No. 50009, filed May 4, 1978.

5. Designation of Easement "72", as shown on Maps No. 19 and 32, as set forth by Land Court Order No. 50009, filed May 4, 1978.

6. Designation of Easement "202", as shown on Map No. 32, as set forth by Land Court Order No. 63162, filed July 7, 1982.

7. Designation of Easement "401", as shown on Map No. 72, as set forth by Land Court Order No. 128145, filed June 26, 1997; for fire truck access.

8. Easement "401" is subject to a non-exclusive easement for fire truck access purposes in favor of Lot 463-A.

   By Quitclaim Deed (acknowledged December 18, 1998), filed in said Office as Document No. 2510056, International Hotel Acquisitions, LLC, a Delaware limited liability company, "Grantor", quitclaimed unto KSL Grand Wailea Resort, Inc., a Delaware corporation, all of Grantor's right, title, and interest in and to the non-exclusive easement for fire truck access purposes over and across said Easement "401".

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions dated July 13, 1998, filed in said Office as Document No. 2479882.

   Said above instrument amends and restates the Wailea Community Association Declaration of Covenants and Restrictions dated December 19, 1986, filed in said Office as Document No. 1427923, as amended.

   Said Declaration was supplemented by instrument dated April 30, 1987, filed in said Office as Document No. 1464901.

   The foregoing includes, but is not limited to, Association liens which may be superior to certain mortgages.

10. Grant in favor of GTE Hawaiian Telephone Company Incorporated, now known as Hawaiian Telcom, Inc., dated December 10, 1990, filed in said Office as Document No. 1794292; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines and other appliances and equipment, etc., for the transmission and distribution of communications, etc.

11. Declaration of Condominium Property Regime of Wailea Beach Villas dated September 13, 2002, filed in said Office as Document No. 2863801.

Said Declaration was amended by that certain First Amendment to Declaration of Condominium Property Regime of Wailea Beach Villas and Condominium Map dated August 4, 2003, filed in said Office as Document No. 2974195.

12. Condominium Map No. 1521, filed in said Office, as amended.

13. Bylaws of the Association of Apartment Owners of Wailea Beach Villas dated September 13, 2002, filed in said Office as Document No. 2863802.

14. That certain Affordable Housing Agreement dated September 19, 2002, made by Lai Honua, LLC, a Delaware limited liability company, "Owner", Lokahi Ventures, LLC, a Hawaii limited liability corporation, "Developer", and County of Maui, a political subdivision of the State of Hawaii, "County", recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 2002-177908, under which the Developer makes commitments with respect to the provision of affordable housing units. It is contemplated that obligations under this Agreement will be assigned to a developer-related entity, and should not affect owners.

15. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

16. Construction Mortgage with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing made by and between Lai Honua LLC, a Delaware limited liability company, as "Mortgagor", and First Hawaiian Bank, a Hawaii corporation, as "Mortgagee", dated March 19, 2004, filed in said Office as Document No. 3085750.

17. Financing Statement recorded on March 19, 2004 as Document No. 2004-057233.

18. Grant of Entry Feature Easement and Rock Wall and Landscaping Easement dated December 14, 2004, filed in said Office as Document No. 3207101.

19. Grant to Maui Electric Company, Limited, a Hawaii corporation, dated February 15, 2005, filed in said Office as Document No. 3235835.

20. Any unrecorded leases and matters arising from or affecting the same.

21. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

EXHIBIT "G"

Wailea Beach Villas
Proposed Maintenance Fees
Apartment Detail

	Proposed Annual AOAO Fees		
	Base Expense	Contingency @ 4.0%	Total Budget
Operating Expenses	$ 1,822,590	$ 71,396	$ 1,893,986
Capital Reserves	92,000	3,604	95,604
Annual Budget	$ 1,914,590	$ 75,000	$ 1,989,590

					Proposed Monthly AOAO Fees		
Plan	**Apt. No.**	**Bed/Bath**	**Interior SF**	**Common Interest %**	**Maintenance**	**Reserves**	**Total Fees**
Penthouse Building							
C	101	3 / 3.	2,179.85	0.912511%	$ 1,440	$ 73	$ 1,513
B1	102	2 / 2.	1,899.27	0.795057%	1,255	63	1,318
A	103	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B1	104	2 / 2.	1,899.27	0.795057%	1,255	63	1,318
A	105	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B1	106	2 / 2.	1,899.27	0.795057%	1,255	63	1,318
B1R	107	2 / 2.	1,899.27	0.795057%	1,255	63	1,318
B1	108	2 / 2.5	2,375.41	0.994375%	1,569	79	1,649
D	109	3 / 3.	2,520.91	1.055283%	1,666	84	1,750
B1	110	2 / 2.	1,899.27	0.795057%	1,255	63	1,318
B1R	111	2 / 2.	1,899.27	0.795057%	1,255	63	1,318
CR	112	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
C	201	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
B	202	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	203	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	204	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	205	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	206	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	207	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
E	208	3 / 3.	2,892.92	1.211010%	1,911	96	2,008
D	209	3 / 3.	2,520.91	1.055283%	1,666	84	1,750
B	210	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	211	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
CR	212	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
C	301	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
B	302	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	303	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	304	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	305	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	306	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	307	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
E	308	3 / 3.	2,892.92	1.211010%	1,911	96	2,008
D	309	3 / 3.	2,520.91	1.055283%	1,666	84	1,750
B	310	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	311	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
CR	312	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
C	401	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
B	402	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	403	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	404	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	405	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	406	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	407	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
E	408	3 / 3.	2,892.92	1.211010%	1,911	96	2,008
D	409	3 / 3.	2,520.91	1.055283%	1,666	84	1,750
B	410	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	411	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
CR	412	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
C	501	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
B	502	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	503	3 / 3.	1,960.56	0.820714%	1,295	65	1,361

Wailea Beach Villas
Proposed Maintenance Fees
Apartment Detail

Plan	Apt. No.	Bed/Bath	Interior SF	Common Interest %	Proposed Monthly AOAO Fees: Maintenance	Reserves	Total Fees
B	504	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
A	505	3 / 3.	1,960.56	0.820714%	1,295	65	1,361
B	506	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	507	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
E	508	3 / 3.	2,892.92	1.211010%	1,911	96	2,008
D	509	3 / 3.	2,520.91	1.055283%	1,666	84	1,750
B	510	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
BR	511	2 / 2.	1,978.08	0.828048%	1,307	66	1,373
CR	512	3 / 3.	2,179.85	0.912511%	1,440	73	1,513
Apartment		n/a	1,800.54	0.753710%	1,190	60	1,250
Subtotal			128,625.82	53.844284%	$ 84,984	$ 4,290	$ 89,273
Villas Buildings							
A	101	3 / 3.5	2,879.00	1.205183%	$ 1,902	$ 96	$ 1,998
A	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
A	201	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
A	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
B	101	3 / 3.5	2,879.00	1.205183%	1,902	96	1,998
B	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
B	201	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
B	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
C	101	3 / 3.5	2,889.00	1.209369%	1,909	96	2,005
C	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
C	201	3 / 3.5	2,879.00	1.205183%	1,902	96	1,998
C	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
C	301	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
C	302	3 / 3.5	2,934.00	1.228207%	1,939	98	2,036
D	101	3 / 3.5	2,889.00	1.209369%	1,909	96	2,005
D	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
D	201	3 / 3.5	2,879.00	1.205183%	1,902	96	1,998
D	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
D	301	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
D	302	3 / 3.5	2,934.00	1.228207%	1,939	98	2,036
E	101	3 / 3.5	2,889.00	1.209369%	1,909	96	2,005
E	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
E	201	3 / 3.5	2,879.00	1.205183%	1,902	96	1,998
E	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
E	301	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
E	302	3 / 3.5	2,934.00	1.228207%	1,939	98	2,036
F	101	3 / 3.5	2,889.00	1.209369%	1,909	96	2,005
F	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
F	201	3 / 3.5	2,879.00	1.205183%	1,902	96	1,998
F	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
F	301	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
F	302	3 / 3.5	2,934.00	1.228207%	1,939	98	2,036
G	101	3 / 3.5	2,889.00	1.209369%	1,909	96	2,005
G	102	3 / 3.5	2,931.00	1.226951%	1,937	98	2,034
G	201	3 / 3.5	2,879.00	1.205183%	1,902	96	1,998
G	202	3 / 3.5	2,919.00	1.221928%	1,929	97	2,026
G	301	3 / 3.5	2,863.00	1.198486%	1,892	95	1,987
G	302	3 / 3.5	2,934.00	1.228207%	1,939	98	2,036
Subtotal			110,259.00	46.155716%	$ 72,849	$ 3,677	$ 76,526
Total			238,884.82	100.000000%	$ 157,832	$ 7,967	$ 165,799
						Per Month	**$ 165,799**
						Annual	**$ 1,989,590**

Wailea Beach Villas
Maintenance Fees

		Proposed	
		MONTHLY	ANNUALLY
	RECEIPTS		
	Maintenance Fees	$ 165,799	$ 1,989,590
	Interest Income		
	Total Receipts	**$ 165,799**	**$ 1,989,590**
	OPERATING EXPENSES		
	Utilities		
1	Electricity	$ 7,500	$ 90,000
2	Waste Removal	1,167	14,000
3	Gas / Propane	1,943	23,310
4	Sewer	3,167	38,000
5	Water	3,333	40,000
6	Telephone - PBX	400	4,800
7	Cable TV / High Speed Internet	3,836	46,029
	Total Utilities	$ 21,345	$ 256,139
	Payroll & Employee Expenses		
8	Engineers	$ 3,467	$ 41,600
9	Pool Attendants	6,344	76,128
10	Front Office	7,787	93,440
11	Concierge	4,867	58,400
12	Public Cleaners	7,300	87,600
13	Valet / Bellman	5,840	70,080
14	General Manager	5,208	62,500
15	Resident Manager	3,750	45,000
16	Exec Assist/Bookkeeper	2,595	31,140
	Sub-total - Payroll	47,157	565,888
17	Payroll Taxes & Employee Benefits	16,505	198,061
	Total Payroll & Employee Expenses	63,662	763,949
	Outside Maintenance		
18	HVAC	$ 100	$ 1,200
19	Elevators Service	6,000	72,000
20	Equipment Repair - Kitchens Appliances.	100	1,200
21	Equipment Repair - Grounds	300	3,600
22	Equipment Repair - Other Equipment	250	3,000
23	Equip R&M - Fire & Safety	300	3,600
24	Floor Coverings	100	1,200
25	Furniture	50	600
26	Lobby Flowers	800	9,600
27	Grounds and Landscaping - Outdoor	15,208	182,500
28	Maintenance General - Building	200	2,400
29	Pest Control	500	6,000
30	Plumbing	75	900
31	Security Expense - Entry Gate	10,950	131,400
32	Security Expense - Patrol Contract	7,300	87,600
33	Signs	25	300
34	Sidewalk Maintenance	100	1,200
35	Swimming Pool	800	9,600
36	Telephone & Pager	50	600
37	Television Repair	50	600
38	Uniforms	703	8,432
39	Window Cleaning	625	7,500
	Total Outside Maintenance	$ 44,586	$ 535,032
	Supplies		
40	Light Bulbs	$ 200	$ 2,400
41	Key Cards	50	600
42	Painting and Decorating	200	2,400

Wailea Beach Villas
Maintenance Fees

		Proposed	
		MONTHLY	ANNUALLY
43	Supplies-Operating	1,250	15,000
44	Supplies-Laundry Operating	300	3,600
45	Swimming Pool - Towels & Chemicals	488	5,850
46	Uniforms	210	2,520
47	Vehicle Operating Expenses	150	1,800
	Total Supplies	$ 2,847	$ 34,170
	Administrative		
48	AOAO Management Fee	$ 7,000	$ 84,000
49	Office Expense		
50	Data Processing / Payroll	200	2,400
51	Decorations	208	2,500
52	Equipment Purchases	25	300
53	Homeowner Meetings	500	6,000
54	Assn: License & Bonds	8	100
55	Insurance-Property & General Liability.	10,000	120,000
56	Legal Fees	300	3,600
57	Miscellaneous	100	1,200
58	Professional Fees - Audit / Tax	200	2,400
59	Telephone - T1	600	7,200
60	Training	100	1,200
61	Travel	200	2,400
	Total Administrative	$ 19,442	$ 233,300
	Total Expenses Before Reserves	$ 151,882	$ 1,822,590
62	Capital Reserve Contribution	7,667	92,000
	Sub Total Operating Expenses	159,549	1,914,590
63	Contingency 4.0%	6,250	75,000
	Total Operating Expenses	**$ 165,799**	**$ 1,989,590**

Summary	MONTHLY	ANNUALLY
Operating Expenses	$ 151,882	$ 1,822,590
Capital Reserves	7,667	92,000
Contingency	6,250	75,000
Annual Budget	**$ 165,799**	**$ 1,989,590**

I, Maynard Torchiana, as an officer and employee of Destination Resorts Hawaii, Inc., the condominium managing agent for the condominium project "Wailea Beach Villas," herby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared on an accrual basis in accordance with generally accepted accounting principles.

Maynard Torchiana
Executive Vice President & General Manger
Destination Resorts Hawaii, Inc.

Date: 6-9-05

338087.2

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.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement for the Project dated September 12, 2002 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. As and when Seller shall enter into a purchase agreement for the conveyance of an apartment or other interest in the Project ("Purchase Agreement"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Purchase Agreement to Escrow together with the address of the Purchaser. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchasers, including those received on any Purchase Agreement, and all payments made on loan commitments from lending institutions on account of any apartment in the Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any Purchaser's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Agreement.

C. Notwithstanding anything in the Agreement to the contrary, Escrow shall make no disbursements of Purchasers' funds or proceeds from the sale of apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has received a letter from Seller stating that the Purchasers have signed the required Receipt and Notice of Right to Cancel or are deemed to have receipted for the public reports and to have waived their right to cancel, and stating further that no subsequent events have occurred which would give the Purchasers the right to rescind, the Purchase Agreements have "become binding" and "the requirements of Sections 514A-40, 514A-39.5 and 514A-63" of the Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65, Hawaii Revised Statutes, and further that the requirements of Section 514A-62 of the Hawaii Revised Statutes have been met.

D. Purchaser's funds may be used for construction and other allowable expenses enumerated in the Agreement and defined below prior to closing, provided that all the requirements in provision C. above have been met. If funds are to be used for construction prior to closing, the funds shall be distributed by Escrow upon the submission of bills and upon direction to do so from Seller and Seller's lender from time to time to pay for: (a) construction costs of the buildings and improvements in proportion to the valuation of the work completed by the contractor in accordance with the contract documents, as certified by a registered architect or engineer and approved for payment by the Seller's construction lender; (b) architectural, engineering, and interior design service fees in proportion to the services performed within each phase of services, as approved by the Seller's construction lender; (c) the costs of purchasing furnishings and fixtures for the apartments, as approved by the Seller's construction lender; (d) finance and legal fees, and other incidental expenses of constructing the apartments or developing the Project, as approved by the Seller's construction lender; and (e) such other costs incurred in connection with the construction of the improvements of the Project as Seller's construction lender may approve. Any funds remaining shall not be disbursed until construction of the Project has been completed (or until construction of the particular apartment being conveyed has been completed to the extent that the Condominium Property Act permits such disbursement) and Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared (or, to the extent permitted by the Condominium Property Act, have been dealt with in such a fashion as to avoid non-compliance with Section 514A-18 of the Condominium Property Act), unless sufficient funds have been set aside for any bonafide dispute.

E. Each Purchaser shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Purchaser, promptly after request for return by the Purchaser if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Purchaser the funds of the Purchaser then being held by Escrow;

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller;

(3) The conditions providing for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes (as amended on the date upon which the Purchase Agreement becomes binding and effective) have been met, and written notice thereof has been provided by Seller.

Upon the cancellation of any Purchase Agreement as specified above, Escrow shall be entitled to a cancellation fee commensurate with the services rendered by Escrow prior to such cancellation, up to a maximum of $250.00, as described in Exhibit "A" of the Agreement, plus all costs incurred by Escrow, which shall be paid by the Purchaser.

E. Except as otherwise provided by law, Escrow shall give each purchaser entitled to a return of his or her funds notice thereof by certified or registered mail, addressed to such purchaser at his address shown on the Purchase Agreement or any address later made known to Escrow by such purchaser. If such purchaser shall not have claimed such refund within one hundred twenty (120) days from the date said notice is mailed, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow in the name of Seller, as trustee for the benefit of such purchaser. After having sent Seller written notice of the foregoing acts, Escrow shall thereupon be released from further liability hereunder with respect to such funds and such purchaser.

F. If the Purchaser fails to make any payment on or before the due date thereof or if the Purchaser does or fails to do any act which would constitute an event of default under the Purchase Agreement, Seller shall promptly give to such Purchaser and to Escrow, written notice of default. If Purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Purchase Agreement and has notified the Purchaser, or (2) that Purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 14 of the Agreement, shall thereafter treat all funds of the Purchaser paid under such Purchase Agreement, less Escrow's cancellation fee, as funds of Seller and not of the Purchaser. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Purchase Agreement of such Purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Purchase Agreement shall be returned to the person from whom or entity from which such documents were received.

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

EXHIBIT "J"

SUMMARY OF DEED FORM

The specimen Apartment Deed, Encumbrances and Reservations of Rights for Wailea Beach Villas ("Deed" or "Apartment Deed") contains among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of the Wailea Beach Villas condominium property regime ("Project") situate at Wailea, County of Maui, State of Hawaii.

B. The Grantor (Developer) is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Purchaser agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Deed and in the Declaration, and Purchaser agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including the signing, delivery and filing of all documents which may be necessary. Purchaser appoints Grantor as Purchaser's "attorney-in-fact" which means that Grantor can act for Purchaser or on Purchaser's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and file all documents and to do all things on Purchaser's behalf, which grant of authority, being coupled with an interest, which means that the Grantor has an interest beyond just in the power Purchaser is giving, cannot be revoked by Purchaser for the term of the reserved rights, and will not be affected by Purchaser's disability.

D. Purchaser agrees, for the benefit of all other owners of the other apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, the Bylaws and the House Rules, as any of the same exist or may hereafter be amended in accordance with law, and accepts and approves of the Declaration, Bylaws and House Rules.

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

EXHIBIT "K"

SPECIAL USE RESTRICTIONS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. **APARTMENTS**. The Apartments in the Project shall be occupied and used only for purposes that are consistent with, and appropriate to, a first-class resort destination. ***Accordingly, the Apartments may be used for long-term residential use, hotel or transient vacation rental purposes, or other uses permitted by law, the Declaration and the Bylaws, that are consistent with a first-class resort destination;*** provided that: (i) other than as may be provided herein, no commercial business activity involving visitation by members of the public on a regular basis shall be conducted from any Residential Apartment; (ii) except as provided in (iii) below, notwithstanding anything contained herein or in law to the contrary, the Apartments in the Project or any interest therein shall not be the subject of or sold, transferred, conveyed, leased, occupied, rented or used at any time under a time share plan (as defined in Hawaii Revised Statutes, Chapter 514E, as amended) or similar arrangement or program whether covered by Chapter 514E or not, including, without limitation, any so-called "fractional ownership", "vacation license", "travel club membership", "club membership", "membership club", "time-interval ownership" or "interval ownership" as offered and established through a third party vacation membership service provider who is in the business of providing and managing such programs; and (iii) three (3) Residential Apartments, as more specifically identified in Exhibit "D" of the Declaration, shall remain free from the restrictions for only so long as they are owned by the owners designated in Exhibit "D". Upon sale, transfer or other disposition of the Residential Apartments discussed in this subsection (iii), said Residential Apartments shall be subject to the restrictions set forth in (ii) above. All Residential Apartments shall be subject to the restrictions set forth in the Wailea Community Association Declaration of Covenants and Restrictions dated December 19, 1986, recorded in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 1427923, as amended.

B. **OWNERS' RIGHT TO LEASE APARTMENTS AND LIMITED COMMON ELEMENTS.** The Owners of the respective Apartments shall have the absolute right, without obtaining the consent or joinder of any other Owners, to lease or grant licenses with respect to such Apartments and/or the Limited Common Elements appurtenant thereto, subject to the provisions of the Act, the Declaration and the Bylaws; provided that any Owner engaging in leasing activity shall comply with the provisions of Section 521-43(f) of the Hawaii Revised Statutes, or any successor provision.

C. **OWNERS' RIGHT TO SELL**. The Owners of the respective Apartments, including the Owner of the Business Apartment, shall have the absolute right, without obtaining the consent or joinder of any other Owners, to sell or otherwise transfer such Apartments subject to all provisions of the Act, the Declaration and the Bylaws.

D. **OWNERS' RIGHT TO MORTGAGE**. The Owners of the respective Apartments shall have the absolute right, without obtaining the consent or joinder of any other Owners, to mortgage or otherwise transfer an interest in their respective Apartments as security for the repayment of a loan, subject to all provisions of the Act, the Declaration and the Bylaws.

E. **PROHIBITION ON ACTIVITIES WHICH JEOPARDIZE THE PROJECT**. No Apartment Owner shall do or suffer or permit to be done anything on any Apartment or appurtenant Limited Common Element or elsewhere on the Project which will: (1) injure the reputation of the Project, (2) jeopardize the safety or soundness of the Project, (3) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (4) reduce the value of the Project, (5) result in the cancellation of insurance applicable to the Project or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws, or (6) increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project. A violation of these provisions may result in a legal action taken against the Owner to enforce such provisions.

F. **CHANGES TO BUILDING STRUCTURES AND APARTMENTS**. The Board shall have the right to change the exterior appearance of any Building Structure. No change shall be made which shall result in an appearance which is inconsistent with a first-class resort destination. The Board may delegate the foregoing

responsibility to the Managing Agent. Except for the Owner of the Business Apartment, which shall have the right to change the appearance of such Apartment and any Limited Common Elements appurtenant thereto without consent of the Board or Managing Agent, no Owner of an Apartment shall change or cause a change to the exterior appearance of an Apartment in any manner without the prior written consent of either the Board or the Managing Agent.

G. **OWNERS TO MAINTAIN APARTMENTS AND LIMITED COMMON ELEMENTS IN GOOD ORDER**. The Owner of an Apartment shall keep the interior of his or her Apartment and all appliances, plumbing, electrical and other fixtures and appurtenances constituting a part of the Apartment and the Limited Common Elements appurtenant thereto in good order and repair, and in a condition consistent with a first-class resort destination. Decisions on repairs or modifications to the Limited Common Elements shall be made by the Owners of Apartments to which such Limited Common Elements are appurtenant, subject to the provisions of Paragraph F. above, and subject to the additional provisions stated in the condominium documents for the Project.

H. **USE OF COMMON ELEMENTS**. Subject to the reserved rights of the Developer contained in the Declaration, each Apartment Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Apartment Owners, subject always to:

1. The right of the Board, upon the approval of the Owners of seventy-five percent (75%) of the Common Interest, to change the use of the Common Elements which are not also designated Limited Common Elements;

2. The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements not actually used by any of the Apartment Owners for an originally intended special purpose and which are not also designated Limited Common Elements, as determined by the Board; provided, that unless the approval of the Owners of seventy-five percent (75%) of the Common Interest is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days' written notice;

3. The right of the Board to lease or otherwise use for the benefit of the Association those Common Elements not falling within subsection H.2. above, which are not also designated Limited Common Elements, upon obtaining: (a) the approval of the Owners of seventy-five percent (75%) of the Common Interest, including all directly affected Owners, and (b) the approval of all mortgagees of record which hold mortgages on Apartments with respect to which owner approval is required by (a) above, if such lease or use would be in derogation of the interest of such mortgagees; and

4. The exclusive use of the Limited Common Elements as provided in the Declaration. Notwithstanding anything provided to the contrary, or from which a contrary intent may be inferred, neither the Board nor the Association shall have any right to change the use of or lease or otherwise use any Limited Common Element without the prior written consent of the Owners of all Apartments to which such Limited Common Element is appurtenant. The Owners of at least seventy-five percent (75%) of the Common Interests which are appurtenant to Apartments to which any particular Limited Common Element shall be appurtenant shall have the right to change the use of a particular Limited Common Element.

I. **DEVELOPER'S RIGHT TO USE**. Notwithstanding anything provided in the Declaration to the contrary, as long as there are unsold Apartments in the Project, Developer shall have the right to use any Apartment which it owns for promotional purposes, and shall have the right to have guests stay in such Apartments for any length of time; provided, that such guests shall abide by and be subject to all of the provisions of the Declaration, Bylaws and House Rules. Additionally, the Developer will have the right to utilize Apartments which it owns or any Limited Common Element which is appurtenant to any Apartment which it owns as sales offices or as a place which is utilized to provide services to the Owners or other occupants of the Project, to the extent such use or uses are permitted under applicable law.

J. **SPECIAL MANAGEMENT AREA PERMIT REQUIREMENT**. A minimum of twenty percent (20%) of the Project Area will at all times be maintained as Common Open Space as required by that certain

Special Management Area Permit SMI 2001/0001, issued by the County of Maui on July 12, 2001. The Special Management Area Permit also requires the provision of beach access to the public, and the provisions of ten (10) parking stalls at the project site to accommodate such access.

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THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL USE RESTRICTIONS CONTAINED IN THE DECLARATION, BYLAWS , HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH USE RESTRICTIONS, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE PROJECT TO DETERMINE ALL OF THE USE RESTRICTIONS THAT MAY APPLY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DECLARATION, BYLAWS, HOUSE RULES OR OTHER DOCUMENTS OF THE PROJECT, SUCH DOCUMENTS WILL CONTROL.