

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer M2K2, LLC, a Hawaii limited liability company
Address 34 Wailana Place, #105, Kihei, Maui, Hawaii 96753
Project Name(*): The Wailana Kai
Address: 34 Wailana Place, Kihei, Maui, Hawaii 96753

Registration No. 5270
(Conversion)

Effective date: February 10, 2004
Expiration date: March 10, 2005

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: 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.
(yellow)

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

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

And

[] Supersedes all prior public reports
[] Must be read together with _____
The developer may not as yet [] This report reactivates the _____
have created the condominium public report(s) which expired on _____

(*) Exactly as named in the Declaration

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: M2K2, LLC Phone: (808)891-1626
Name* (Business)
34 Wailana Place, #105
Business Address
Kihei, Hawaii 96753

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):

Roan B. Marshall, Emily L. Marshall, William R. Keele and Paula N. Keele, members

Real Estate Broker*: All Islands, Inc., dba Century 21 All Islands Phone: (808) 879-3311
Name (Business)
Azeka Place, #206
Business Address
Kihei, HI 96753

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 879-1551
Name (Business)
41 E. Lipoa Street, #29
Business Address
Kihei, HI 96753

General Contractor*: N/A Phone: _____
Name (Business)

Business Address

Condominium Managing Agent*: Bello Realty, Inc. Phone: (808)879-3402
Name (Business)
35 Hale Kuai St., #201
Business Address
Kihei, Hawaii 96753

Attorney for Developer: Richard Kiefer Attorney at Law LLLC Phone: (808)871-9700
Name (Business)
444 Hana Hwy., #204
Business Address
Kahului, Hawaii 96732

* 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. 2003-252417
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

First Amendment to Declaration of Condominium Property Regime dated December 1, 2003, recorded in the Bureau of Conveyances as Document No. 2003-272540.

- 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. 3670
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2003-252418
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Board Vote</u>

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

2. Developer:

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

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

See Exhibit A.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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

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

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 34 Wai'alana Place Tax Map Key (TMK): (2) 3-9-1-128
Kihei, Maui, Hawaii 96753

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

Land Area: 15,010 [X] square feet; [] acre(s) Zoning: Hotel (HM)

Fee Owner: M2K2, LLC
 Name
34 Wailana Place, #105
 Address
Kihei, Maui, Hawaii 96753

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 1 Floors Per Building: 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>10</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	<u>10</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

The Declaration, Section F.1, page 12, permits residential and hotel (transient vacation rental) use, but prohibits timeshare use.

5. Special Use Restrictions:

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

- Pets: Except for service animals (seeing-eye dogs, etc.), pets are prohibited.
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf) *</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>01</u>	<u>2</u>	<u>2/2</u>	<u>756</u>	<u>42</u>	<u>Lanai</u>
<u>02</u>	<u>2</u>	<u>1/1</u>	<u>576</u>	<u>43</u>	<u>Lanai</u>
<u>03</u>	<u>2</u>	<u>1/1</u>	<u>576</u>	<u>54</u>	<u>Lanai</u>
<u>04</u>	<u>2</u>	<u>1/1</u>	<u>576</u>	<u>43</u>	<u>Lanai</u>
<u>05</u>	<u>2</u>	<u>2/2</u>	<u>756</u>	<u>42</u>	<u>Lanai</u>

Total Number of Apartments: 10

***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 of different method of determining the floor area may have been used.**

Boundaries of Each Apartment: Interior surface of walls, floor, ceiling and lanai. (See Declaration Section B.2.b.)

Permitted Alterations to Apartments: Interior alterations of apartments and combination of two adjoining apartments permitted with prior Board approval. (See Declaration Section M.)

Apartments Designated for Owner-Occupants Only: N/A

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 13

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	<u>7</u>	_____	<u>3</u>	----	----	<u>10</u>
Guest	_____	<u>3</u>	_____	_____	----	----	<u>3</u>
Unassigned	_____	_____	_____	_____	----	----	_____
Extra for Purchase	_____	_____	_____	_____	----	----	_____
Other:	_____	_____	_____	_____	----	----	_____
Total Covered & Open:	<u>10</u>		<u>3</u>				<u>13</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit C contains additional information on parking stalls for this condominium project.
The parking stall assignments are contained in Exhibit C.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: Barbecue Area

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

There are no violations. Violations will not be cured.

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

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

As set forth in the October 18, 2003 Architect's report attached as Exhibit B, the project is "exceptionally well maintained and in 'as new' condition," with structural components and mechanical and electrical installations in "excellent" condition. See Exhibit B for more details. No representations are made regarding the expected useful life of those components and installations.

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

described in **Exhibit C**.

as follows:

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

There are no limited common elements in this project.

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

described in **Exhibit C***.

as follows:

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

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

described in _____.

as follows:

<u>Apt.</u>	<u>Common Interest</u>	<u>Apt.</u>	<u>Common Interest</u>
101	11.6665%	201	11.6665%
102	8.889%	202	8.889%
103	8.889%	203	8.889%
104	8.889%	204	8.889%
105	11.6665%	205	11.6665%

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 D describes the encumbrances against the title contained in the title report dated December 10, 2003, 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.
- 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 only if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If the mortgage is foreclosed prior to closing, the buyer may be unable to close the purchase. If that occurs, buyer's deposit would be refunded by escrow, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements: None.
2. Appliances: None.

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

Construction of the Wailana Kai was completed in 1986.

H. Project Phases:

The developer 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):

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

- B. Estimate of Initial Maintenance Fees:**

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

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

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

SPECIAL NOTE: Commencement of Maintenance Fees. Pursuant to Section 514A-15(b) of the Condominium Property Act, the Developer has elected to initially assume all of the Project's actual common expenses. Accordingly purchasers who close while the Developer is paying the common expenses will not be assessed for maintenance fees until the Developer files an amended disclosure abstract with the Commission identifying the specific date on which purchasers will begin paying maintenance fees. That abstract must be filed at least 30 days in advance of the specified date, and will be mailed or personally delivered to all owners whose maintenance expenses were assumed by the Developer.

- C. Utility Charges for Apartments:**

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

None Electricity (Common Elements only ___ Common Elements & Apartments)
 Gas (___ Common Elements only ___ Common Elements & Apartments)
 Water Sewer Television Cable
 Other Refuse collection

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 N/A

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

[X] Escrow Agreement dated September 2, 2003.
Exhibit G contains a summary of the pertinent provisions of the escrow contract.

[] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report, 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: Agreement, recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 13745, Page 711; Declaration of Covenants, Conditions, and Restrictions (Flood Zone), recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 15525, Page 171; and Section 14.12.080 Agreement for Central Maui Areas, recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 18904, Page 505.

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. 5270 filed with the Real Estate Commission on December 22, 2003.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

Flood Zone/Tsunami. The Project is located approximately one block from the ocean in a flood and tsunami zone. The Project's Flood Zone Designation is "AH" and its elevation is seven feet above sea level. This designation means that the Project may be subject to damage or destruction by flood or tsunami (tidal waves). This also means that certain building, engineering and elevation requirements, and insurance limits may apply to the Project. Also, a mortgage lender may require flood insurance as a condition of a mortgage. Purchasers are advised to review the Declaration of Covenants, Conditions, and Restrictions (Flood Zone), recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 15525, Page 171. For further details see said Declaration of Covenants, Conditions, and Restrictions (Flood Zone).

Smoke and Ash From Sugar Cane Burning. The Project is located down-wind of sugar cane fields in Central Maui. Those fields are periodically burned as part of the harvesting of cane, which can result in smoke and ash blowing over and on to the Project from time to time.

Special Management Area ("SMA"). Any future improvements may require a SMA permit to be filed with the County of Maui Department of Public Works Development Services Administration.

- 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-1.5] (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.

M2K2, LLC
 Printed Name of Developer

By:  December 17, 2003
 Duly Authorized Signatory* Date

Emily Marshall/Member
 Print Name & Title of Person Signing Above

Distribution:

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

*** Must be signed for a: corporation by an officer; partnership of 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

Developer's Reserved Rights

As set forth in Sections N and O of the Project's Declaration, the Developer has reserved the following rights:

1. Reservation of Power to Grant Easements. The Developer reserves to itself the non-exclusive right to grant from time to time within the Common Elements (other than the Limited Common Elements), easements and rights-of-way over, under, and across the Common Elements (other than the Limited Common Elements) for utilities, sanitary and storm sewers, drains, cable television and other utility services for two (2) or more Apartments and the right to relocate, realign or cancel the same, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any Apartment.
2. Required Amendments. The Developer reserves the right to make, at any time prior to the recordation of an Apartment Deed for the last Apartment in the Project, amendments to the Declaration, the Bylaws, or the Condominium Map that are required by law, by the Real Estate Commission, by a title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that such amendments shall not change the Common Interest appurtenant to an Apartment or substantially change the design, location or size of any Apartment for which an Apartment Deed has been recorded.
3. Declaration Amendments. The Developer acting alone may amend the Declaration to: (1) file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, Apartment numbers and dimensions of the Apartments as built, or so long as any plans filed therewith involve only non-material changes to the layout, location, Apartment numbers and dimensions of the Apartments as built; (2) assign or change, from time to time, the assignments of individual parking stalls to individual Apartments for which an Apartment Deed has not been recorded, which assignments or changes in assignments shall be accomplished by an amendment to the Declaration; and (3) exercise the rights reserved to the Developer in Article N of the Declaration.

EXHIBIT B

COLLABORATIVE
DESIGN ARCHITECTS INC

10-18-03

Mr. Richard Kiefer
Attorney at Law LLLC
444 Hana Highway, Suite 204
Kahului, Hawaii 96732

RE: ***Report of Present Conditions of all Structural Components and Mechanical and Electrical Installations Materials to the Use of Enjoyment of the Project to be known as the Wailana Kai Condominium formerly known as the Wailana Kai Apartments. Address: 34 Wailana Place, Kihei, Maui, HI (T.M.K.: 3-9-01:128)***

Dear Mr. Keifer ;

I have reviewed the following original drawings prepared by Ormond L. Kelley A.I.A. Architect Inc., P.O. Box KKK, Wailuku, Maui, Hawaii, dated July 24th, 1985. These drawings consist of 16 sheets, A-1 through A-7 (architectural drawings), sheets C-1 through C-4 (civil drawings), sheets E-1 through E-3 (electrical drawings) and M-1 through M-2 (mechanical drawings). These drawings were the original construction and permit drawings for the subject property.

The Wailana Kai Apartments were built to the plans and specifications delineated on the sheets referenced above with minor changes. The most significant change was the exclusion of a "spa" located next to the swimming pool. Any other changes were of un-notable significance with respect to design change and or manufacturers substitutions. The plans noted quality systems components with respect to architectural, structural, electrical and mechanical components.

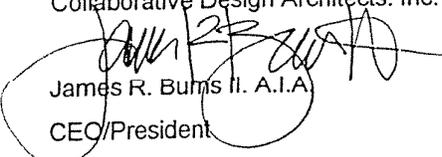
On October 3rd, 2003, I reviewed the property with respect to its current condition and it's maintenance history. The property is exceptionally well maintained and is in "as new" condition. The exterior architectural components and structural components are well maintained and show virtually no signs of wear. The electrical and mechanical components from the electrical service to the swimming pool's equipment all appear to be in excellent condition. I found the property's repair and or replacement of parts/elements and or components has been done with equal or better materials than originally installed.

The property was originally constructed with low maintenance materials. The masonry block exterior of the building will continue to be a "no-maintenance" exterior that will endure with minimum attention. I found no systems in need of repair or replacement.

In summary, the subject property has no visible signs of deficiency in any architectural, structural, electrical or mechanical systems. No system exhibits conditions that would merit additional testing.

Sincerely,

Collaborative Design Architects, Inc.


James R. Burns II, A.I.A.
CEO/President

James R. Burns, II, AIA, Architect

100 Kuloli Place
Haiku
808-572-4144

Hawaii 96708-5362
FAX 808-572-2013

EXHIBIT C

Common and Limited Common Elements

As set forth in Section B.3 of the Declaration, the following are the Project's Common Elements:

1. The land underlying the Project, in fee simple, and any and all easements and appurtenances thereto.
2. All unfinished, undecorated portions of all perimeter (including party) walls and interior load-bearing walls, the undecorated or unfinished surfaces of floors and ceilings, all lanai slabs and railings, all structural components, foundations, floor slabs, columns, girders, beams, supports, shafts, ceilings and spaces between the ceiling and the floor slab or roof above, roofs, exterior surfaces of the Project, including any paint or coating thereon, and all exterior windows.
3. All yards, grounds planters, trellises and landscaping and other refuse facilities, if any, whether within or appurtenant to the Project.
4. All roads, parking areas, driveways, ramps, loading areas or zones, and walkways which are rationally of common use by Owners of more than one Apartment, including parking stall numbers P-10, P-11, and P-12, which shall be used for short-term guest parking, and the portion of the parking lot designated on the Condominium Map as "Loading Zone".
5. All ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one Apartment and other central and appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. The individual electrical meters for each of the Apartments, together with the electrical lines from such meters to the Apartments, but only to the point where such lines enter the Apartments.
7. The utility rooms in the Project as shown on the Condominium Map.
8. The pool, deck area, and laundry area on the first floor of the Project.
9. All storage areas, hallways, corridors, stairs, stairways, mechanical rooms, electrical rooms, communications rooms, trash rooms, and other similar areas which are not part of an Apartment.
10. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

As set forth in Section B.4 of the Declaration, the following are the Project's Limited Common Elements:

1. Parking Stalls. Ten (10) of the Project's parking stalls are assigned to an Apartment as a limited common element as follows:

<u>Apartment No.</u>	<u>Parking Stall No.</u>
101	P-1
102	P-2
103	P-3
104	P-4
105	P-5
201	P-6
202	P-7 (compact stall)
203	P-8 (compact stall)
204	P-9 (compact stall)

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
101	\$334.79	\$4,017.48
102	\$255.09	\$3,061.08
103	\$255.09	\$3,061.08
104	\$255.09	\$3,061.08
105	\$334.79	\$4,017.48
201	\$334.79	\$4,017.48
202	\$255.09	\$3,061.08
203	\$255.09	\$3,061.08
204	\$255.09	\$3,061.08
205	\$334.79	\$4,017.48

SPECIAL NOTE: Commencement of Maintenance Fees. Pursuant to Section 514A-15(b) of the Condominium Property Act, the Developer has elected to initially assume all of the Project's actual common expenses. Accordingly purchasers who close while the Developer is paying the common expenses will not be assessed for maintenance fees until the Developer files an amended disclosure abstract with the Commission identifying the specific date on which purchasers will begin paying maintenance fees. That abstract must be filed at least 30 days in advance of the specified date, and will be mailed or personally delivered to all owners whose maintenance expenses were assumed by the Developer.

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
Utilities and Services		
Air Conditioning	N/A	N/A
Electricity		
<input checked="" type="checkbox"/> common elements only	\$ 300.00	\$ 3,600.00
<input type="checkbox"/> common elements and apartments		
Elevator	N/A	N/A
Gas	N/A	N/A
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$ 53.00	\$ 636.00
Telephone	N/A	N/A
Water and Sewer	\$ 392.00	\$ 4,700.00
Maintenance, Repairs and Supplies		
Building	\$ 200.00	\$ 2,400.00
Grounds	\$ 433.00	\$ 5,200.00
Management		
Management Fee	\$ 481.68	\$ 5,780.16
Payroll and Payroll Taxes	N/A	N/A
Other Expenses	N/A	N/A
Insurance	\$ 425.00	\$ 5,100.12
Reserves(*)	\$ 291.67	\$ 3,500.04
Taxes and Government Assessments	N/A	N/A
Audit Fees	\$ 116.67	\$ 1,400.04
Other – Miscellaneous Maintenance Expense	<u>\$ 176.67</u>	<u>\$ 2,120.04</u>
TOTAL	\$2,869.70	\$34,436.40

I, Pamela M. Bello, as agent for/and/or employed by Bello Realty, Inc., the condominium managing agent/developer for the Wailana Kai condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Pamela M. Bello
Signature

11/26/03
Date

(*)Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

As noted above, stall numbers P-7, P-8 and P-9 are compact stalls measuring 7.5 feet wide. All other stalls are 8.5 feet wide.

2. Mailboxes. Each Apartment shall have as a limited common element the mailbox located at the Project that bears the same number as the Apartment.

EXHIBIT D

Encumbrances on Title

The Preliminary Title Report dated December 10, 2003, issued by Title Guaranty of Hawaii, Inc. lists the following encumbrances on title:

1. Real Property taxes which may be due and owing. Reference is made to the Tax Assessor's Office for the County of Maui.

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

3. Powerline easement as shown on that certain Deed dated February 5, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18459, Page 606, more particularly described as follows:

Beginning at a point on the northwest corner of this lot, on the east side of Wailana Place, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being:

3,793.88 feet south
1,262.92 feet east

and running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|-------|---|
| 1. | 255° | 13' | 10" | 20.00 | feet along portion of Lot 22-B to a point; |
| 2. | 340° | 42' | 00" | 5.00 | feet to a point; |
| 3. | 75° | 13' | 10" | 20.00 | feet to a point; |
| 4. | 160° | 42' | 00" | 5.00 | feet along Wailana Place to the point of beginning and containing an area of 100 square feet, more or less. |

4. Excepting and reserving therefrom an 8-foot wide road and utility easement, designated as Easement "B", more particularly described as follows:

Beginning at a pipe on the northwesterly corner of this easement and northwesterly corner of Lot "B", the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEPOHAKU" being:

3,775.00 feet south
1,256.31 feet east

and running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|--------|---|
| 1. | 236° | 56' | 20" | 128.56 | feet along Lot "A" and remainder of Land Patent Grant No. 12,742 to a pipe; |
| 2. | 341° | 18' | | 8.26 | feet along Grant 7107 to a point; |
| 3. | 56° | 56' | 20" | 128.47 | feet along remainders of Lot "B" and Land Patent Grant No. 12,742 to a point; |

4. 160° 42' 8.24 feet along Wailana Place and remainder of Land Patent Grant No. 12,742 to the point of beginning and containing an area of 1,028 square feet, more or less.

5. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in Agreement dated May 23, 1979, recorded in said Bureau in Liber 13745, Page 711, by and between Wailana Partnership and the County of Maui, Department of Water Supply.

6. Grant dated September 19, 1980, recorded in said Bureau in Liber 15093, Page 43, in favor of Maui Electric Company, Limited and GTE Hawaiian Telephone Company, granting a perpetual right and easement for utility purposes.

7. The terms, provisions, covenants, easements and reservations as contained in Declaration of Covenants, Conditions, and Restrictions (Flood Zone) dated ---, 1981 (acknowledged February 6, 1981), recorded in said Bureau in Liber 15525, Page 171.

8. The terms, provisions, covenants, easements and reservations as contained in Section 14.12.080 Agreement for Central Maui Areas, dated August 23, 1985, recorded in said Bureau in Liber 18904, Page 505, by and between Frank Carvalho and Mary Carvalho, a married couple, "Owners", and the County of Maui and its Department of Water Supply, "County".

9. Mortgage, Security Agreement, Assignment of Rents and Financing Statement dated August 25, 2000, recorded in said Bureau as Document No. 2000-119947 and Assumption Deed dated February 25, 2000, recorded in said Bureau as Document No. 2000-119948.

10. The terms, provisions, covenants, easements and reservations as contained in Declaration of Condominium Property Regime for "Wailana Kai" Condominium Project, dated November 10, 2003, recorded in said Bureau as Document No. 2003-252417, and as shown on Map 3670 and any amendments thereto.

Said Declaration was amended by First Amendment to Declaration of Condominium Property Regime of The Wailana Kai dated December 1, 2003, recorded in said Bureau as Document No. 2003-272540.

11. The terms, provisions, covenants, easements and reservations as contained in By-laws of the Association of Apartment Owners of The Wailana Kai, dated November 10, 2003, recorded in said Bureau as Document No. 2003-252418.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

Note: Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

EXHIBIT F

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

The Deposit Receipt and Sales Contract and attached Addendum No. 1 contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Deposit Receipt and Sales Contract states:

- a. The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.
- b. That the purchaser acknowledges having received and read a final public report for the Project prior to signing the Deposit Receipt and Sales Contract.
- c. That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.
- d. That the purchaser's money will be held in escrow, under the terms of the Escrow Apartment.
- e. Requirements relating to the purchaser's financing of the purchase of an apartment.
- f. That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- g. That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.
- h. That the Project may be subject to ongoing sales activities which may result in certain annoyances to the purchaser.
- i. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- j. That the purchaser shall at Closing pay an Association start-up fee of \$933.35 for a 1-bedroom apartment or \$1,225.00 for a 2-bedroom apartment.

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

EXHIBIT G

Escrow Agreement Summary

A copy of the executed Escrow Agreement for the Project between Title Guaranty Escrow Services, Inc. ("Escrow") and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of the funds of a purchaser of an Apartment (a "Purchaser") pursuant to the Sales Contract and also provides for the retention or disbursement of the funds.

The Escrow Agreement provides in part that any interest earned on money on deposit shall be paid to the parties in accordance with the terms of the Sales Contract. In the event that the Reservation Agreement or Sales Contract or Hawaii Revised Statutes Chapter 514A entitle a Purchaser to a refund of Purchaser's Deposits held by Escrow, the Escrow, upon instruction from Developer, will refund Purchaser's deposits, less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract and Chapter 514A, Hawaii Revised Statutes, as amended. However, the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars (\$250.00).

Prospective Purchasers should read the Escrow Agreement with care.