CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Stanford Carr Development, LLC
Address: 1100 Alakea Street, 27th Fl., Honolulu, Hawaii 96813
Project Name (*): Kehalani Gardens
Address: 631 through 688 Meakanu Lane, Wailuku, Hawaii 96793

Registration No. 5353

Effective date: April 14, 2005
Expiration date: May 14, 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.
____	**CONTINGENT FINAL: (green)**	The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed. [ ] No prior reports have been issued. [ ] This report supersedes all prior public reports.
X	**FINAL: (white)**	The developer has legally created a condominium and has filed complete information with the Commission. [ ] No prior reports have been issued. [X] This report supersedes all prior public reports. [ ] This report must be read together with _____
____	**SUPPLEMENTARY: (pink)**	This report updates information contained in the: [ ] Preliminary Public Report dated _____ [ ] Final Public Report dated: _____ [ ] Supplementary Public Report dated: _____
	And	[ ] Supersedes all prior public reports. [ ] Must be read together with _____ [ ] This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 1297 / 0298 / 3800 / 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 are as follows.

See page 2.a.

SPECIAL ATTENTION

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

STATUTORY NOTICE

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

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

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

The developer is not required to submit but has for this registration submitted the following documents and information:

N/A

1. Addition of disclosure and details regarding Project's participation in an affordable housing program.

2. Addition of Declaration of Protective Covenants, Conditions and Restrictions dated November 29, 2004, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-014346 regarding the affordable housing program.

3. Addition of disclosure that the Project is subject to the Hawaii Right to Farm Act, Chapter 165, Hawaii Revised Statutes, as amended from time to time.

4. Addition of Second Amendment of the Declaration of Condominium Property Regime of Kehalani Gardens, dated January 19, 2005, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-014346.

5. Addition of Third Amendment of the Declaration of Condominium Property Regime of Kehalani Gardens, dated February 16, 2005, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-036802

6. Addition of Amendment of the Bylaws of the Association of Apartment Owners of Kehalani Gardens, dated February 17, 2005, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-036803.

7. Removal of blanket liens on page 15.

8. Addition of street address for project.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Stanford Carr Development, LLC
Name*
1100 Alakea Street, 27th Fl.
Business Address
Honolulu, Hawaii 96813
Phone: (808) 537-5220 (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):
Stanford S. Carr, Manager

Real Estate Broker*: Pacific Island Realty, LLC
Name
1100 Alakea Street, 27th Fl.
Business Address
Honolulu, Hawaii 96813
Phone: (808) 521-4009 (Business)

Escrow: Island Title Corporation
Name
1132 Bishop Street, Suite 400
Business Address
Honolulu, Hawaii 96813
Phone: (808) 531-0261 (Business)

General Contractor*: Hawaiian Dredging Construction Compan
Name
P. O. Box 4088
Business Address
Honolulu, Hawaii 9812-4088
Phone: (808) 735-3211 (Business)

Condominium Managing Agent*: Management Consultants of Hawaii, Inc
Name
P.O. Box 10039
Business Address
Lahaina, Hawaii 96761
Phone: (808) 661-8795 (Business)

Attorney for Developer: Char Sakamoto Ishii Lum & Ching
Name
841 Bishop Street, Suite 850
Business Address
Honolulu, Hawaii 96813
Attn: Carolyn M. Oshiro
Phone: (808) 522-5133 (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
[X] Recorded - Bureau of Conveyances: Document No. 2004-0688712
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]:

See page 6.a.

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

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Condo Map No. 3742
[ ] 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]:

See page 6.a., item 2.

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

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 2004-0688713
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]:

See page 6.a.

Declaration of Condominium Property Regime of Kehalani Gardens

1. Amendment and Restatement of the Declaration of Condominium Property Regime of Kehalani Gardens dated July 13, 2004 and recorded as Document No. 2004-142008.

2. Second Amendment of the Declaration of Condominium Property Regime of Kehalani Gardens, dated January 19, 2005, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-014346.

3. Addition of Third Amendment of the Declaration of Condominium Property Regime of Kehalani Gardens, dated February 16, 2005, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-036802.

Bylaws of the Association of Apartment Owners of Kehalani Gardens

1. Addition of Amendment of the Bylaws of the Association of Apartment Owners of Kehalani Gardens, dated February 17, 2005, recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2005-036803.

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

The House Rules for this condominium are:

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

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	67%
House Rules	—	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 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 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: 631 through 688 Meakanu Ln Tax Map Key (TMK): (II) 3-5-001-066
Wailuku, Hawaii 96793

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

Land Area: 11.095 [ ] square feet [X] acre(s) Zoning: Village Mixed Use
PD-WK3

Fee Owner: Kehalani-Maui, LLC
Name
1100 Alakea Street, 27th Fl.
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: 22 Floors Per Building: 2*

   [ ] 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
[X]	Residential	132	[X] Yes [ ] No
[ ]	Commercial		[ ] Yes [ ] No
[ ]	Mix Res/Comm		[ ] Yes [ ] No
[ ]	Hotel		[ ] Yes [ ] No
[ ]	Timeshare		[ ] Yes [ ] No
[ ]	Ohana		[ ] Yes [ ] No
[ ]	Industrial		[ ] Yes [ ] No
[ ]	Agricultural		[ ] Yes [ ] No
[ ]	Recreational		[ ] Yes [ ] No
[ ]	Other		[ ] Yes [ ] No

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

* Building has 6 units. 4 units have 2 floors and 2 have only 1 floor.

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: Permitted subject to the House Rules.

[ ] Number of Occupants: N/A.

[X] Other: See Exhibit "B".

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: None Stairways: 88 Trash Chutes: None

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
See page 11.a.					

Total Number of Apartments: 132

*** 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 "C".

Permitted Alterations to Apartments:

See Exhibit "D".

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

6. Interior:

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)	Net Other (sf/Identify)	
A	22	3/2	1009.5	33.3	entry
A (reverse)	22	3/2	1009.5	33.3	entry
B	22	3/2.5	1133.2	37.1	entry
B (reverse)	22	3/2.5	1133.2	37.1	entry
C	22	2/2.5	934.6	28.0	entry
C (reverse)	22	2/2.5	934.6	28.0	entry

Total Number of Apartments: 132

* 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.

7. Parking Stalls:

Total Parking Stalls: 283

	Regular Covered	Regular Open	Compact Covered	Compact Open	Tandem Covered	Tandem Open	TOTAL
Assigned (for each unit)	132*	132**					264
Guest		19***					19
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	283		0		0		283

Each apartment will have the exclusive use of at least 2 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 _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] *Storage Area* [ ] *Recreation Area*

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

[ ] *Other:* _____

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

[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):

* Each apartment includes one covered parking stall - 129 of which are regular size and 3 of which are handicap size.

** Each apartment includes one open parking stall - 129 of which are regular size and 3 of which are handicap size.

*** There are 19 open guest stalls - 16 of which are regular size and 3 of which are handicap size.

11. Conformance to Present Zoning Code

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

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] described in Exhibit "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:

[X] described in Exhibit "F".

[ ] as follows.

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 "G".

[ ] 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 "H" describes the encumbrances against the title contained in the title report dated February 18, 2005 and issued by Island Title Corporation.

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.*

[X] 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 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**

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:
   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 another contractor, subcontractors or parties) for the Project to correct work found to be defective within the applicable period. Typically, a general contractor will provide a warranty for work to be found defective within one year after the date of substantial completion of the Project whereas other warranty periods may extend to 10 years. Buyers are encouraged to learn about these warranties.

2. Appliances:

   Deveoper will pass on the manufacturer's warranties made to it, if any, on the appliances included as part of the apartment being conveyed.

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

Construction of the Project commenced in August 2004. Developer estimates but does not guarantee that the Project, in its entirety, will be completed by December 31, 2006.

The Project will have access to Olomea Street.

H. **Project Phases:**

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

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

N/A

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

C. **Utility Charges for Apartments:**

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

[ ] None [X] Electricity (X Common Elements only ___ Common Elements & Apartments)

[ ] Gas (___ Common Elements only ___ Common Elements & Apartments)

[X] Water [X] Sewer [X] Television Cable (basic cable only)

[X] Other refuse collection
telephone (Common Elements only; i.e. Managing Agent expense)

* **THE AMOUNTS SET FORTH IN EXHIBIT "I" 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 THE REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

[x] Notice to Owner Occupants

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

[x] Escrow Agreement dated January 10, 2004
Exhibit "K" contains a summary of the pertinent provisions of the escrow agreement.

[x] Other Exhibit "L" contains a summary of the Apartment Deed.
Exhibit "M" contains the general outline of Maui County's option under the Affordable Housing Program.

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

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

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

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

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

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

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

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

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Declaration of Covenants, Conditions and Restrictions for Kehalani (the Community Association Declaration); Soils Report; warranties; and, if applicable, Affordable Housing Program documents, including Declarations and Zoning Ordinances.

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. 5353 filed with the Real Estate Commission on April 27, 2004.

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

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

C. **Additional Information Not Covered Above**

Kehalani Community Association

Through the homeowners association, Purchasers are responsible for their share of assessments by the Kehalani Community Association (see Exhibit "M").

Soils Report

Grading of the land underlying the Project utilized fill and was completed in accordance with the Soils Report dated April 4, 2003, by Fewell Geotechnical Engineering, Ltd. ("Soils Report").

The adjoining property has experienced some settlement. However, the conditions of the adjoining property and the Project site are not the same and the Soils Report (which was based on the raw and ungraded land) did not indicate any problem with settlement. Buyers may want to review the Soils Report and consult such experts as they feel is necessary.

Drain Line Easement

In addition to other easements related to this Project, a drain line easement has been established for the Project and is generally located in the yard area behind Buildings 1, 2 and 18.

Right to Farm Act

The Project is subject to the Hawaii Right to Farm Act, Chapter 165, Hawaii Revised Statues, as may be amended from time to time. In general, this Act limits circumstances under which farming activities may be deemed a nuisance. Buyers may want to consult with an attorney regarding their rights and limitation of rights under this statute.

Affordable Housing

Certain units in this Project may be designated as affordable housing units under an affordable housing program with the County of Maui. Developer anticipates that approximately 85% of the units will be so designated; however, this amount is subject to change at the discretion of the Developer. Buyers wishing to purchase an affordable housing unit must qualify under certain requirements and/or guidelines established by the County of Maui, the State of Hawaii, and/or the Developer. Buyers should inquire with the Project Sales Office as to the specifics of these requirements. Although not all inclusive, some of the requirements include: (1) Buyer must meet certain income qualifications; (2) Buyer must sign an affidavit stating that Buyer will reside in the unit as an owner-occupant for the 2 year period after title is conveyed to Buyer, and (3) Buyer must confirm that they understand and agree that the County of Maui shall have an option to purchase the unit from Buyer upon the occurrence of certain events. The general outline of the County of Maui's option are set forth in Exhibit M. Furthermore, the sales price for designated units may not be the same as that for units which are not designated as affordable housing units.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS RELATING TO THE AFFORDABLE HOUSING PROGRAM. WHILE BUYER MAY USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PROGRAM, BUYER MUST REFER TO THE AFFORDABLE HOUSING PROGRAM DOCUMENTS TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AFFORDABLE HOUSING PROGRAM DOCUMENTS, THE AFFORDABLE HOUSING PROGRAM DOCUMENTS WILL CONTROL. BUYERS WISHING TO PURCHASE A UNIT SUBJECT TO THE AFFORDABLE HOUSING PROGRAM MAY WISH TO CONSULT WITH AN ATTORNEY.

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.

STANFORD CARR DEVELOPMENT, LLC
Printed Name of Developer

By: _____ March 24, 2005
Duly Authorized Signatory* Date

STANFORD S. CARR, MANAGER
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

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

EXHIBIT "A"

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 proposed Declaration. Capitalized terms have the same meaning as ascribed to such term in said Declaration.

1. **Reserved Right to Grant Easements.** *This right is set forth in Article XIX of the Declaration. Developer* has the right, to and until December 31, 2021, to delete, cancel, relocate, realign, reserve, designate, grant and receive any and all easements and rights of ways over, under, through, across and upon the common elements (including the limited common elements) and the parcel of land on which the Project is built as necessary or desirable in Developer's sole discretion including, but not limited to, easements and/or rights of way for utilities, cesspools, sanitary and storm sewers, cable television, telecommunications systems, refuse disposal, driveways, parking areas and roadways, provided, however, that such easements and/or rights of way shall not be located on or within any existing structure of the Project and shall not be exercised so as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by-the-apartment owners.

2. **Reserved Right to Alter, Subdivide and Consolidate Apartments.** This right is set forth in Article XX of the Declaration. Developer has the right to amend the Declaration and Condominium Map to effect any subdivision or consolidation of Apartments or alterations to floor plans at any time or times prior to December 31, 2021 and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.

3. **Reserved Right to Reconfigure, Recharacterize or Redesignate Limited Common Elements.** This right is set forth in Article XXI of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to December 31, 2021 to reconfigure, recharacterize or redesignate certain limited common elements as may be appurtenant to an apartment owned by the Developer as being common elements of the Project,.and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.

4. **Reserved Right to Convert or Redesignate Limited Common Elements as Appurtenant to Other Apartments.** This right is set forth in Article XXII of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to December 31, 2021 to convert or redesignate all or a portion of certain limited common elements as may be appurtenant to any apartment owned by Developer, to another apartment or apartments, and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer.

5. **Reserved Right to Convert and Redesignate Common Elements Parking Stalls.** This right is set forth in Article XXIII of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to December 31, 2021 to convert and redesignate all or a portion of the parking stalls (regular size uncovered and/or handicap size uncovered) which are designated as common elements of the Project and identified in Exhibit C of the Declaration which is incorporated herein by reference, from common elements to being a limited common element appurtenant to an apartment or apartments and may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer. Developer also has the reserved right, but not the obligation, to record an instrument ("Parking Stall Assignment Summary Amendment"), which lists all parking stalls that have been assigned and which identifies the Apartment to which each such parking stall was assigned or reassigned. Any such Parking Stall Assignment Summary Amendment shall be for informational purposes only, and shall not have the effect of assigning or reassigning the parking stalls of the Project.

6. **Reserved Right to Convert and Redesignate Limited Common Elements Parking Stalls.** This right is set forth in Article XXIV of the Declaration. Developer has the right, but not the obligation, to amend this Declaration at any time or times prior to December 31, 2021 to convert and redesignate all or a portion of *the parking stalls that are appurtenant to any of the apartments that it owns from limited common elements* to common elements of the Project, and Developer may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and record amendments to the Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to the Developer. Developer also *has the reserved right, but not the obligation, to record an instrument ("Parking Stall Assignment Summary* Amendment"), which lists all parking stalls that have been assigned and which identifies the Apartment to which each such parking stall was assigned or reassigned. Any such Parking Stall Assignment Summary Amendment shall be for informational purposes only, and shall not have the effect of assigning or reassigning the parking stalls of the Project.

7. **Reserved Right to Modify Project.** This right is set forth in Article XXV of the Declaration. Developer has the right to and until December 31, 2021, to effect such modifications to apartments and common elements in the Project and/or to execute, record and deliver any amendments to the Declaration and the Condominium Map for the Project, as well as the Bylaws of the Association of Apartment Owners of Kehalani Gardens ("Bylaws"), and/or The House Rules for Kehalani Gardens (the "House Rules"), as may be necessary or required by Developer, in its sole discretion, to effect compliance by the Project, the Association or Developer, with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including any and all rules and regulations promulgated thereunder.

8. **Reserved Right to Conduct Sales Activities.** This right is set forth in Article XXVI of the Declaration. Developer has the right unto itself, its brokers, sales agents and other related persons and its successors and assigns, to and until December 31, 2021 to conduct extensive sales activities at the Project and from any Apartment owned by Developer, which right shall include, without limitation, showing the Project to potential buyers, the use of model apartments, sales and management offices, permitting potential buyers to stay in apartments owned by Developer and the use of banners, signs or other extensive sales displays and activities at the Project. Such sales activities may include the initial sale and resale of apartments. In the event that Developer's mortgage lender, if any, or any successor to or assignee of Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed or an assignment in lieu of foreclosure, such mortgage lender, its successor and assigns, shall have the same rights as Developer to conduct such extensive sales activities on the Project. Each and every party acquiring an interest in the Project, by such acquisition, acknowledges that the sales activities may result in noise, and nuisances, and consents to such activity by Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

EXHIBIT "B"

Special Use Restrictions

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

1. **Apartments.** Apartments, in connection with any such occupancy or use of said Apartment for any length of time, shall be occupied and used only for residential purposes as shall be permitted by law and by the provisions of the Resort Documents. Subject to the above, the owners of such apartments shall have the absolute right to sell, rent, lease, mortgage, or otherwise transfer their respective Apartments in connection with any such occupancy or use for any length of time.

2. **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: (i) injure the reputation of the Project, (ii) jeopardize the safety or soundness of the Project, (iii) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (iv) reduce the value of the Project, (v) 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 (vi) increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project.

EXHIBIT "C"

Boundaries of Each Apartment

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

(Article III.B.1. of the Declaration) There shall be one hundred thirty-two Apartments. Each Apartment shall be deemed to include: (a) the space within the perimeter and party walls, windows, doors, floors and ceilings of the Apartment, (b) all walls and partitions which are not load-bearing within the Apartment's perimeter or party walls, including the decorated or finished surfaces thereof, (c) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines, running through the Apartment, or other utility meters or air conditioning units which are utilized for and serve only that Apartment, (d) the decorated or finished interior surfaces of all perimeter and party walls, load-bearing walls and partitions, floors and ceilings of the Apartment, (e) all appliances and fixtures installed in the Apartments and any replacements thereof, (f) the parking stall and space within the Apartment's single-car garage and the decorated or finished interior surfaces of said garage (but excluding the decorated or finished exterior surfaces thereof and excluding the entire garage door), (g) any lanai or porch areas of the Apartment, (h) the interior stairway connecting the first and second floors of the Apartment, (i) the decorated or finished interior surfaces of any doors, sliding doors, door frames, windows or window frames, (j) all cranks, window screens, and other window hardware, and (k) any pipes, wires, conduits, other utility or service lines or meters, or air conditioning units which are located within, under or upon the Limited Common Element appurtenant to such Apartment and which serve only that Apartment (if any).

Each respective Apartment shall not be deemed to include: (a) the perimeter or party walls, the undecorated or unfinished interior surfaces thereof, and the decorated or finished exterior surfaces of any perimeter wall, (b) the structural components of the building in which the Apartment is located, including the foundation, floor slabs, columns, guides, beams, supports, roofs and ceilings (excluding the decorated or finished interior surfaces of the ceiling which is part of the Apartment), (c) the interior load-bearing walls and partitions and the undecorated or unfinished surfaces thereof, and (d) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring or other utility or service lines running through the Apartment or other utility meters which are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided.

Furthermore, each respective Apartment shall not be deemed to include: (a) the perimeter doors, sliding doors, door frames, windows and window frames and the decorated or finished exterior surfaces of said door, sliding doors, door frames, windows and window frames, and (b) the garage door and the decorated or finished exterior surfaces of any garage and garage door, the same being deemed Limited Common Elements appurtenant to the Apartment as hereinafter provided.

EXHIBIT "D"

Permitted Alterations to Apartments

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

1. **General Provisions.** Except as otherwise expressly provided in this Declaration, the Bylaws, the House Rules, the Community Association Document or the Act, 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 this Declaration in accordance with Article XIII of the Declaration, 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 Association. 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.

2. **Additions or Alterations Solely Within An Apartment.** Notwithstanding anything to the contrary contained herein, 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 or the Association, to make any of the following alterations solely within the Apartment: to paint, paper, panel, plaster, tile, carpet, re-carpet, finish, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls within any such Apartment and to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as may be appropriate for the utilization of such Apartment by such Owner or the tenants or lessees thereof, provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of the Apartment or any other part of the Project, reduce the value thereof, adversely affect any other Apartment, affect or impair any easement or rights of any of the other Apartment Owners, or interfere with or deprive any Owner of the use or enjoyment of any part of the Common Elements or directly affect any Owner or alter the external appearance of the Project.

3. **Apartment Owners to Execute Amendment Documents Certain Cases.** In the event that any change or alteration of an Apartment pursuant to and in compliance with this Article XII 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 this 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 recording of the same at the Bureau. The provisions of Article XIII 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 and deliver all instruments and documents necessary or desirable to affect the amendment of this 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 record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights and shall not be affected by the disability of any such party.

EXHIBIT "E"

Common Elements

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

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

a. The Land in fee simple;

b. Any and all other apparatus and installations existing for common use, such as tanks, motors, fans, compressors and other such installations and apparatus;

c. The landscaping and planters along the sidewalks and roadways of the Project, the grounds outside of the Apartments, and landscaping of these grounds;

d. All roadways, access lanes, ramps, loading areas, sidewalks and walkways of the Project, excluding, however, any garage which is part of an Apartment;

e. One hundred twenty-nine (129) standard size covered parking stalls, three (3) handicap size covered parking stalls, one hundred forty-five (145) standard size uncovered parking stalls, and six (6) handicap size uncovered parking stalls located throughout the Project;

f. All floodlights and other similar lighting devices attached to the exterior of any building within the Project;

g. All lampposts within the Project;

h. Unimproved areas, maintenance and storage areas, mailbox areas and other similar areas which are not part of an Apartment;

i. Any and all recreation centers, exercise facility and other facilities operated to serve the residents of the Project (if any);

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

k. All other areas of the Project which are not described as an Apartment or a part thereof.

EXHIBIT "F"

Limited Common Elements

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in the proposed Declaration.

Certain parts of the Common Elements, herein called the "Limited Common Elements," are hereby designated, set aside and reserved for the exclusive use of certain Apartments and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The responsibility to maintain, repair, replace, alter, improve and/or add to the Limited Common Elements shall be borne solely by the Owner(s) of the Apartment(s) to which the Limited Common Element is appurtenant, subject to the terms and restrictions set forth in this Declaration, the Bylaws, the House Rules, the Community Association Documents and the Act. The costs and expenses of every description pertaining to any Limited Common Element, including but not limited to the cost of maintenance, repair, and replacement of and any alterations, improvements or additions to a Limited Common Element (collectively "Costs"), shall be charged to the apartment to which the Limited Common Element is appurtenant; provided that, the Costs for those Limited Common Elements that are appurtenant to multiple Apartments (the Costs associated with the Limited Common Elements appurtenant to multiple Apartments shall be referred to herein as "Product Fees") shall be charged to each owner of an Apartment to which said Limited Common Elements are appurtenant in equal shares.

a. Parking stalls assigned to a specific Apartment as set forth in Exhibit C to the Declaration shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Apartment.

b. Any entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific Apartment shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Apartment.

c. Any perimeter doors, sliding doors, door frames, windows and window frames and the decorated or finished exterior surfaces of said door, sliding doors, door frames, windows and window frames which would normally be used only by a specific Apartment shall be a Limited Common Element appurtenant to such Apartment.

EXHIBIT "G"

Calculation of Common Interest

The following language appears in the proposed Declaration submitted by the Developer. Capitalized terms have the same meaning ascribed to such terms in said Declaration.

The Common Interest appurtenant to each Apartment in the Project was determined by calculating the proportion which the approximate net square footage of each Apartment bears to the total net square footage of all of the Apartments in the Project. The Common Interest appurtenant to each Apartment is set forth below:

Type	Common Interest
A	.746%
A (reverse)	.746%
B	.837%
B (reverse)	.837%
C	.690%
C (reverse)	.690%

* *Note:* Apartment 2201's common interest is slightly less by a de minimus amount (.724% instead of .746%) in order for the common interest to equal 100% in the aggregate.

EXHIBIT "H"

Encumbrances Against Title

1. Real property taxes as may be due and owing. Check with the county tax assessor for details.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the:

   DECLARATION OF CONDITIONS:

Dated:	July 25, 1990
Filed:	Document No. 90-117006 to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

4. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the:

   UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING:

Dated:	August 29, 1991
Filed:	Document No. 91-124296 to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

   SECOND SUPPLEMENTAL UNILATERAL AGREEMENT

Dated:	undated
Recorded:	Document No. 2003-091382

   SUPPLEMENTAL UNILATERAL AGREEMENT

Dated:	undated
Recorded:	Document No. 2003-091383

5. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KEHALANI:

Dated:	March 11, 1995
Recorded:	Document No. 95-040251 to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

6. UTILITY EASEMENT

Dated:	October 14, 1998
Recorded:	*Document No. 98-168676*
Purpose:	Utility Easement over, across, through and under Easement "F"

7. Terms, provisions, covenants and conditions in the:

AGREEMENT FOR IMPLEMENTATION OF WATER MASTER PLAN FOR KEHALANI (WAILUKU PROJECT, DISTRICT 3):

Dated:	December 18, 2002
Recorded:	Document No. 2002-234288
By and Between:	Hawaii Land & Farming Company, Inc., a Delaware corporation, Kehalani Mauka, LLC., a Hawaii limited liability company (developer) and Department of Water Supply of the County of Maui, an agency of the County of Maui a body politic and corporate, and a political subdivision of the State of Hawaii (Department)

8. Terms, provisions, covenants and conditions in the:

AGREEMENT FOR IMPLEMENTATION OF WATER MASTER PLAN FOR KEHALANI (WAILUKU *PROJECT, DISTRICT 3):(TRANSMISSION CREDITS):*

Dated:	December 18, 2002
Recorded:	Document No. 2002-234289
By and Between:	Hawaii Land & Farming Company, Inc., a Delaware corporation, Kehalani Mauka, LLC., a Hawaii limited liability company (developer) and Department of Water Supply of the County of Maui, an agency of the County of Maui a body politic and corporate, and a political subdivision of the State of Hawaii (Department)

9. Terms, provisions, covenants and conditions in the:

KEHALANI WAILUKU PROJECT DISTRICT 3 OFFSITE SEWER IMPROVEMENTS:

Dated:	December 24, 2002
Recorded:	Document No. 2002-234295
By and Between:	Hawaii Land & Farming Company, Inc., a Delaware corporation, Kehalani Mauka, LLC., a Hawaii limited liability company (developer) and Department of Public Works and Waste Management, an agency of the County of Maui a body politic and corporate, and a political subdivision of the State of Hawaii

10. Terms, provisions, covenants and conditions in the:

STORAGE CREDITS AND AMENDED RIGHT OF ENTRY AGREEMENT FOR 3.0 MG CONCRETE RESERVOIR AT WAILUKU, MAUI, HAWAII:

Dated:	*December 5, 2002*
Recorded:	Document No. 2002-234297
By and Between:	Hawaii Land & Farming Company, Inc., a Delaware corporation (Owner) and Board of Water Supply of the County of Maui, an agency of the County of Maui a body politic and corporate, and a political subdivision of the State of Hawaii

11. ASSIGNMENT OF WATER CREDITS

Dated:	December 31, 2003
Recorded:	Document No. 2004-005399
Assignor:	Hawaii Land & Farming Company, Inc., a Delaware corporation
Assignee:	Kehalani-Maui, LLC., a Hawaii limited liability company

12. Terms, provisions, covenants and conditions in the:

ASSIGNMENT OF ANNEXATION RIGHT AS TO PARCEL C-6/10 AND AGREEMENT

Dated:	December 31, 2003
Recorded:	Document No. 2004-005400
By and between:	*Hawaii Land & Farming Company, Inc., a Delaware corporation,* formerly known as C. Brewer Homes, Inc., and Kehalani-Maui LLC, a Hawaii limited liability company

13. GRANT OF EASEMENT (Landscape)

Dated:	March 30, 2004
Filed:	Document No. 2004-068711
Purpose:	Landscape

14. Condominium Map No. 3742, filed in the Bureau of Conveyances, State of Hawaii, as amended.

15. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime of Kehalani Gardens:

Dated:	March 23, 2004
Recorded:	Document No. 2004-068712 to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

AMENDMENT AND RESTATEMENT OF THE DECLARATION OF CONDOMINIUM PROPERTY REGIME OF KEHALANI GARDENS

Dated:	June 13, 2004
Recorded:	Document No. 2004-142008

SECOND AMENDMENT TO THE DECLARATION OF CONDOMINIUM PROPERTY REGIME OF KEHALANI GARDENS

Dated:	January 19, 2005
Recorded:	Document No. 2005-014346

THIRD AMENDMENT TO THE DECLARATION OF CONDOMINIUM PROPERTY REGIME OF KEHALANI GARDENS

Dated:	February 16, 2005
Recorded:	Document No. 2005-036802

16. BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KEHALANI GARDENS:

Dated:	March 23, 2004
Filed:	Document No. 2004-068713

AMENDMENT OF THE BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KEHALANI GARDENS:

Dated:	February 17, 2005
Filed:	Document No. 2005-036803

17. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS

Dated:	November 29, 2004
Recorded:	Document No. 2005-014347
	to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS

18. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as delineated on said Condominium Map.

EXHIBIT "I"

Estimate of Initial Maintenance Fees
AND
Estimate of Maintenance Fee Disbursements

Apartment	Monthly Fee x 12 months =	Yearly Total
Type A	$273.25	$3,279.03
Type A (reverse)	$273.25	$3,279.03
Type B	$306.58	$3,679.02
Type B (reverse)	$306.58	$3,679.02
Type C*	$252.74	$3,032.88
Type C (reverse)	$252.74	$3,032.88

Maintenance fees are intended to cover the Common Expenses of the Project (i.e., the expenses attributable to the maintenance and operation of the "general" Common Elements of the Project). Maintenance fees shall be charged to each Apartment Owner based upon said Owner's Common Interest.** **The amounts set forth in this Exhibit "I" 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 the estimates.**

* Due to apartment 2201's slightly smaller common interest (as described in Exhibit "G"), apartment 2201's estimated maintenance fees are $265.20 per month (or $3,182.33 annually).

** Except for those maintenance fees paid as part of the closing costs, the apartment owner shall not be obligated for the payment of his respective share of the common expenses until such time the developer files an amended abstract with the Commission which shall provide, that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment.

Reserve Assessment:

The Developer has not completed an independent, third party reserve study as contemplated by §514A-83.6, HRS, and the replacement reserve rules, subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended (collectively, the "Reserves Law"), at this time. The amounts provided are estimates.

"Start-up fees" in an amount equal to two (2) months of the estimated maintenance fees will be collected from each purchaser at closing to start funding the maintenance fees and two (2) months of maintenance fees will be collected from each purchaser at closing to start funding the reserves for the project. This one-time reserves payment is to be made by each purchaser and will be supplemented by an assessment to be determined by the Association in accordance with the Reserves Law.

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

KEHALANI GARDENS AOAO, WAILUKU, MAUI

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

	Monthly	x 12 mos.	Yearly
Utilities:			
Electricity	2,473.00		29,676.00
TV Cable	3,036.00		36,432.00
Water - Potable	1,867.00		22,404.00
Water - Irrigation	1,766.00		21,192.00
Sewer Fees	3,280.00		39,360.00
Telephone & Communication	135.00		1,620.00
Totals	12,557.00		150,684.00
Maintenance:			
Buildings	220.00		2,640.00
Grounds Materials	100.00		1,200.00
Irrigation Maintenance & Repairs	100.00		1,200.00
Equipment Maintenance & Repair	65.00		780.00
Lighting - Repair & Maintenance	60.00		720.00
Pest Control (Qtrly Treatment)	480.00		5,760.00
Refuse Collection	1,609.00		19,308.00
Paint	75.00		900.00
Misc. Purchases	50.00		600.00
Fire Extinguisher Service	44.00		528.00
Totals	2,803.00		33,636.00
Administration:			
Office & Administration	295.00		3,540.00
Management Services	1,925.00		23,100.00
Vehicle Expenses	45.00		540.00
Association Meeting Expense	40.00		480.00
Legal Fees	100.00		1,200.00
Dues & Subscriptions	25.00		300.00
Audit, Cash Verification, Tax Prep.	180.00		2,160.00
Totals	2,610.00		31,320.00
Payroll & Benefits:			
Payroll - Site Manager	3,033.00		36,396.00
Payroll - Maintenance	1,690.00		20,280.00
FICA/Medicare	362.00		4,344.00
Worker's Compensation Insurance	359.00		4,308.00
State Unemployment Contribution	255.00		3,060.00
Federal Unemployment	10.00		120.00
Temporary Disability Insurance	22.00		264.00
Medical Insurance	622.00		7,464.00
Payroll Preparation Fee	115.00		1,380.00
Uniforms	20.00		240.00
Totals	6,488.00		77,856.00

Other Expenses:		
Property Insurance $13.540 million	5,529.00	66,348.00
Comprehensive General Liability - $1 million	350.00	4,200.00
Commercial Umbrella Liability - $1 million	125.00	1,500.00
Directors & Officers Liability - $1 million	100.00	1,200.00
Fidelity Insurance - $100,000	50.00	600.00
Flood Insurance - Not Required	0.00	0.00
Kehalani Master Association Fees	2,640.00	31,680.00
General Excise Tax	10.00	120.00
Taxes, Licenses, & Registration Fees	25.00	300.00
Totals	8,829.00	105,948.00
TOTAL OPERATING EXPENSES:	33,287.00	399,444.00
RESERVE ACCRUAL:	3,342.00	40,104.00
GRAND TOTAL - ALL EXPENSES	36,629.00	439,548.00

I/We, Management Consultants of Hawaii, Inc., as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

David A. Ferguson, Its President

Date: March 9, 2004

EXHIBIT "J"

Summary of Purchase Agreement

The specimen Purchase Agreement for Kehalani Gardens ("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 Island Title Corporation ("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 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 that date (following the completion of the structure in which the Apartment is located) upon which the Seller certifies to the Purchaser in writing that the Apartment is ready for occupancy. On the Closing Date, Seller and Purchaser shall be required to perform their respective obligations to purchase and sell the Apartment under this Agreement; provided, however, that the Seller may extend the Closing Date in the event that Purchaser's Apartment is not ready for occupancy to Purchaser due to any delay caused by the factors set forth in Section C.19. below. Except as set forth in the preceding sentence, the Closing Date may be extended only by the mutual agreement of the parties. All payments 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 this 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 Section C.8 and in Section C.1.d above, Purchaser agrees to pay, in addition to all other amounts due, a late charge of one and one-half percent (l-1/2%) per month (based on the amount of the total Purchase Price) for each month or portion thereof on a 30-day month prorated basis, until the date on which the actual closing date occurs. Seller's failure to exercise any right or remedy under this Agreement shall not constitute a waiver of any of such defaults or of any of such rights, including without limitation, the right to cancel this Agreement, and will not constitute a modification of this Agreement. Escrow shall not record Purchaser's Apartment Deed until Escrow has received a certificate from a title company authorized to do business in Hawaii and approved by Seller, stating that, upon filing of such Apartment Deed, the Apartment and appurtenant common interest thereby conveyed are free and clear of all liens, encumbrances and assessments whatsoever other than those permitted by law and this Agreement. Real property taxes, maintenance costs, 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, cost of preparing an amendment to the Declaration in the event that Purchaser wishes to buy an additional parking stall, real property tax and other 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 recording 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 estimated maintenance fees in advance and an additional fee equal to two (2) months estimated maintenance fees for the reserves assessment at Closing.

E. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

F. 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.

G. Notices to either party may be delivered personally or mailed.

H. 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.

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

J. 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.

K. Purchase Agreements for affordable housing units also contain provisions relating to the affordable housing program. Please see Exhibit "M" for a summary of the program and the program documents for details.

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 "K"

Summary of Escrow Agreement

The Escrow Agreement for the Project dated March 1, 2004 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. When Seller (Developer) enters into a purchase agreement for the sale of an apartment or other interest in the Project ("Purchase Agreement"), Seller shall deliver an executed copy of the Purchase Agreement to Escrow together with the address of the Purchaser and pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchaser, including those received relating to up-grades to the apartment and all payments made on loan commitments from lending institutions on account of any apartments in said 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, including sums received by Seller for up-grades to the apartment. 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, in an interest bearing account with a federally insured financial institution 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. All income therefrom and interest paid thereon shall be credited to the account of Seller.

C. Escrow shall make no disbursements of Purchaser's 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 been instructed by Seller. In addition, no disbursements of Purchaser's funds shall be made from the balance of the escrow fund until Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared, unless sufficient funds are set aside for any bona fide dispute.

D. 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 pursuant to the Agreement by Escrow; or

(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.

Upon the cancellation of the Purchase Agreement as specified above, Escrow may be entitled to a cancellation fee. Notwithstanding anything in the Agreement or the Purchase Agreement to the contrary, said

compensation to Escrow shall be the sole expense of the individual purchaser and shall not in any way be the obligation of the Seller.

E. 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 16 of the Agreement, shall thereafter treat all funds of the Purchaser paid under such Purchase Agreement, or any portion thereof as may be allowed by said 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.

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 "L"

Summary of Apartment Deed, Encumbrances and Reservations of Rights for Kehalani Gardens

Capitalized terms shall have the same meaning ascribed to such terms in the Deed.

The specimen Apartment Deed, Encumbrances and Reservations of Rights for Kehalani Gardens ("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 Kehalani Gardens condominium property regime situate at Wailuku, Island and County of Maui, State of Hawaii.

B. The Grantor 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; that 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 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 signing, delivery and recording of all documents which may be necessary, and 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 record 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, the House Rules, and the Community Association Documents, as any of the same exist or may hereafter be amended in accordance with law, and does accept and approve of the Declaration, Bylaws, House Rules and the Community Association Documents.

E. Deeds for affordable housing units may also contain provisions relating to the affordable housing program. Please see Exhibit "M" for a summary of the program and the program documents for details.

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 "M"

General Outline of the County of Maui's Option to Purchase Apartment Under the Affordable Housing Program & Occupancy Requirements

The following is a general outline of the County of Maui's option to purchase an Apartment from a Purchaser under the Affordable Housing Program and related occupancy requirements, subject to that certain Declaration of Protective Covenant, Conditions and Restrictions dated November 29, 2004, as may be amended from time to time ("Affordable Housing Declaration"). It is not intended to encompass all of the restrictions, terms and conditions applicable to an Apartment purchased under the Affordable Housing Program. Furthermore, not all Apartments are subject to the Affordable Housing Program. Purchasers should refer to the documents for the Affordable Housing Program for specifics and consult with an attorney as they feel appropriate.

A. Restriction on Sale; Option To Purchase Apartment.

1. During the two (2) year period after an Apartment is purchased from Seller, Purchaser shall not sell, transfer or otherwise convey title to the Apartment, except as provided for herein.

2. If, during the two (2) year period after an Apartment is purchased from Seller, Purchaser wishes to transfer title to the Apartment, Purchaser shall give the County of Maui ("County") written notice of same and the County shall have the option to purchase the Apartment, which option must be exercised within thirty (30) days after receipt of such notice, at a price which shall not exceed the sum of:

a. The original cost to Purchaser;
b. The cost of any improvements added by Purchaser; and
c. Simple interest on Purchaser's cash equity, as defined below, in the property at the rate of seven percent (7%) a year. "Cash equity" means the actual amount of payments of principal which the owner has made for the purpose of purchasing or improving a dwelling unit, including the cash down payment made, payments of principal on mortgage loans incurred to purchase the Apartment, and payments of principal for improvements which add value to the Apartment. The term "cash equity" does not include interest or the appreciated value of the Apartment caused by market fluctuation.

The County, at its option, may purchase the Apartment either outright, free and clear of all liens and encumbrances; or (with the consent of the first mortgagee) subject to an existing first mortgage created for the purpose of enabling Purchaser to obtain funds for the purchase of the Apartment. The purchase of the Apartment by the County pursuant to the Affordable Housing Declaration shall be closed no later than sixty (60) days after the option was exercised by the County. If the County decides not to exercise its option within the time period described above for the same or if the closing does not occur within the time period described above for the same due to the fault of the County, Purchaser may sell, transfer or otherwise convey title to the Apartment, and the Apartment shall thereafter not be subject to the terms and conditions of the Affordable Housing Declaration.

In the event the County chooses to acquire the Apartment by outright purchase, all existing mortgages, liens and encumbrances shall be satisfactorily paid by Purchaser by or as of the date title to the Apartment is conveyed to the County.

In the event the County chooses to acquire the Apartment by purchasing it subject to an existing first mortgage as described herein, the County shall agree to assume and to pay said first mortgage. In such case, the amount to be paid to Purchaser by the County shall be the difference between the above-mentioned price and the outstanding principal balance of said first mortgage as of the date title to the Apartment is conveyed to the County.

Notwithstanding the transfer restrictions set forth herein, Purchaser may convey or transfer title to the Apartment to a self-trusteed grantor trust made by Purchaser for estate planning purposes; PROVIDED, HOWEVER, that the restrictions prescribed in the Affordable Housing Declaration shall be fully effective and applicable to the transferee for the remainder of the two (2) year period.

3. After the end of the two (2) year period (as described herein), Purchaser may sell, assign or otherwise convey the Apartment, or any interest therein, to any person free from any restrictions set forth in the Affordable Housing Declaration.

4. The transfer restrictions prescribed herein may be waived by prior written approval of the County, at its sole discretion, if:

a. Purchaser wishes to transfer title to the Apartment by devise or through the laws of descent to a family member who would otherwise qualify under rules established by the County from time to time; or

b. The County determines, in accordance with rules adopted from time to time, that the sale or transfer of an Apartment, at a price and upon terms as the County shall set, preserves the intent of the State of Hawaii, Land Use Commission's Finding of Fact, Conclusions of Law, and Decision and Order dated January 30, 1990 in docket No. A89-642 ("SLUC Decision") as discussed in that certain Declaration of Conditions dated July 25, 1990 made by Wailuku Agribusiness Co., Inc., a Hawaii corporation and further identified in Exhibit "A", and Maui County Zoning Ordinance 2053 ("Zoning Ordinance") as discussed in that certain Unilateral Agreement and Declaration for Conditional Zoning dated August 29, 1991 by Wailuku Agribusiness Co., Inc., a Hawaii corporation and further identified in Exhibit "A", both of which may be amended from time to time and are incorporated herein by reference, without the necessity of the County to purchase the Apartment;

PROVIDED, HOWEVER, that the restrictions prescribed in the Affordable Housing Declaration shall be fully effective and applicable to the transferee for the remainder of the two (2) year period (as described above).

B. Occupancy.

1. Purchaser shall be an owner-occupant of the Apartment during the two (2) year period (as described above). The term "owner-occupant" as used herein is defined as an individual in whose name sole or joint legal title is held in the Apartment which, simultaneous to such ownership, serves as the individual's principal residence, provided that the individual retains complete possessory control of the Apartment. An individual shall not

be deemed to have complete possessory control of the Apartment if the Apartment or any portion thereof is rented, leased, or assigned for any period of time to any other person in whose name legal title is not held, except that an individual shall be deemed to have complete possessory control even when the individual conveys or transfers the Apartment into a self-trusteeed grantor trust made by that individual for estate planning purposes and continues in the use of the Apartment as the individual's principal residence during this period.

2. Any violation of section 2 shall be sufficient for the County, at its option, to purchase the Apartment as provided in section 1 of the Affordable Housing Declaration .

C. General.

1. The Affordable Housing Declaration, and the restrictions, covenants, terms and conditions prescribed therein shall automatically be extinguished and terminate, and shall not attach where a mortgagee that is a financial institution either becomes the owner of an Apartment or causes the conveyance of title to the Apartment to a third party pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced, or in any transfer of title thereafter; PROVIDED, the mortgagee shall provide the County with a certified copy of the complaint for foreclosure, the order of foreclosure (if any), and documentation evidencing the transfer of the Apartment to the new owner.

2. Purchaser shall not be entitled to modify the restrictions on use, occupancy, transfer, or sale of the Apartment without the prior written permission of the mortgagee for the first mortgage.

3. The restrictions and terms set forth herein shall operate as covenants running with the land and shall be binding upon all owners and their respective heirs, personal representatives, successors and assigns.