

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Douglas E. Myers
Address PMB 106, 3350 Lower Honoapiilani Rd., Lahaina, HI 96731-8404
Project Name(*): The West Maui Breakers
Address: 3702 Lower Honoapiilani Rd., Lahaina, HI 96731

Registration No. 5474 (Partial Conversion) Effective date: December 1, 2004
Expiration date: January 1, 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:** 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.
(yellow)
- CONTINGENT:** The developer has legally created a condominium and has filed complete information with the Commission.
(green)
 - No prior reports have been issued.
 - This report supersedes all prior public reports.
 - This report must be read together with _____
- FINAL:** This report updates information contained in the:
(white)
 - Preliminary Public Report dated: _____
 - Final Public Report dated: _____
 - Supplementary Public Report dated: _____
- SUPPLEMENTARY:**
 - 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.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This Project consists of an existing building constructed in 1978 containing 24 apartment and five proposed new buildings containing a total of 90 apartments. The 24 existing apartments are used for rentals, and the developer initially plans to offer only the 90 new apartments.

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

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

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Douglas E. Myers Phone: (808) 298-6295
Name* (Business)
PMB 106, 3350 Lower Honoapiilani Rd.
Business Address
Lahaina, HI 96731-8404

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):

N/A

Real Estate Broker*: Coldwell Banker Island Properties. Phone: (808) 669-6565
Name (Business)
10 Hoo Hui Road, Suite 109
Business Address
Lahaina, HI 96761

Escrow: Hawaii Escrow and Title, Inc. Phone: (808) 532-2977
Name (Business)
700 Bishop Street, Suite 1600
Business Address
Honolulu, HI 96813

General Contractor*: Maryl Pacific Construction Co. Phone: (808) 545-2920
Name (Business)
737 Bishop St., Ste 1560
Business Address
Honolulu, HI 96813

Condominium Managing Agent*: Destination Maui, Inc. Phone: (808) 244-5531
Name (Business)
841 Alua St., Suite 102
Business Address
Kihei, Hawaii 96753

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

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

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

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

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No.
Book 15676 Page 172

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]:

Dated August 28, 1981, recorded in the Bureau in Liber 15789, Page 796; Restated Declaration of the Horizontal Property Regime of Kahekili Grove (formerly known as Hale Kahekili), dated March 29, 1985 and recorded in the Bureau on April 3, 1985 in Liber 18542, page 116; Restated and Amended Horizontal Property Regime of Kahekili Grove (formerly known as Hale Kahekili), dated May 16, 1989 and recorded in the Bureau on May 22, 1989 in Liber 23208, page 1. **Note: This Declaration will be Amended and Restated in its entirety by the proposed new Declaration for the West Maui Breakers.**

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

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. 813

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]:

Note: The existing Condominium Map will be amended by the proposed new Map.

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

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No.
Book 15676 Page 210

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]:

Restated and Amended Bylaws of the Association of Apartment owners of Kahekili Grove dated May 16, 1989, and recorded in the Bureau on May 22, 1989 in Liber 23208, page 41. **Note: The existing Bylaws will be amended and replaced in their entirety by the proposed new Bylaws.**

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

See **Exhibit A.**

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: 3702 Lower Honoapiilani Rd. Tax Map Key (TMK):(2)4-3-6-02; (2)4-3-6-69
Lahaina, HI 96731

Address TMK is expected to change because: Developer will consolidate the two existing lots into a single lot prior to construction.

Land Area: 3.05 square feet; acre(s) Zoning: Apartment (A-2)

Fee Owner: Douglas E. Myers
 Name
PMB 106, 3350 Lower Honoapiilani Rd.
 Address
Lahaina, HI 96731

Note: Prior to issuance of a Final Public Report on this Project, Developer may transfer the fee interest in the property to a corporation, limited liability company, or other entity possibly owned by Developer

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 6 Floors Per Building: Bldg A (existing) – 4 stories; Bldg B – 3 stories; Bldg C – 2 stories; Bldg D – 3 stories; Bldg E – 3 stories; Bldg F – 3 stories.

Exhibit B _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>114</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: Owners may have one cat or small (>25lbs) dog.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 12 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
X-2	6	1/1	616	103	lanai
X-3	12	1/1	607	103	lanai
Y-6	2	2/2	829	103	lanai
Y-7	4	2/2	814	103	lanai
A	26	1/1	705	110	lanai
B	23	1/1	653	60	lanai
B-Hcp	3	1/1	653	60	lanai
D	6	studio/1	508	60	lanai
E	2	2/1	655		
F	2	1/1	700	72.5	lanai
G	6	2/2	1117	110	lanai
H	6	2/2	895	60	lanai
J	8	2/1	930	110	lanai
K	2	2/2	1406	232.5	lanai
L	2	3/2	1502	132.5	lanai
M	2	3/2	1143	110	lanai
N	2	2/2	1387	232.5	lanai
Total Number of Apartments:		114			

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. Other documents and maps may give floor area figures which differ from those above because of different method of determining the floor area may have been used.**

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

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

Apartments Designated for Owner-Occupants Only: 52 of 90 new apartments being offered for sale.

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 X elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 213 (184 new/29 existing)

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	<u>62</u>	_____	_____	<u>110</u>	----	<u>172</u>
Guest	_____	<u>41</u>	_____	_____	----	----	<u>41</u>
Unassigned	_____	_____	_____	_____	----	----	_____
Extra for	_____	_____	_____	_____	----	----	_____
Purchase	_____	_____	_____	_____	----	----	_____
Other:	_____	_____	_____	_____	----	----	_____
Total Covered & Open:	<u>103</u>		<u>0</u>		<u>110</u>		<u>213</u>

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: Central Open Area/Green Space

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

There are no violations.

Violations will not be cured.

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

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

This information will be provided in the Final Public Report (and Contingent Final Public Report, if any) for this Project.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in **Exhibit B.**

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 B***.

[] as follows:

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

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

[X] described in **Exhibit B.**

[] 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 D describes the encumbrances against the title contained in the title report dated September 10, 2004, and issued by Hawaii Escrow & Title, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
The project will be subject to a first mortgage by the developer's construction lender	The construction lender will have the option of completing the Project, but is not required to do so. If the lender elects not to complete the Project, a purchaser's sales contract may be terminated at the lender's option and the purchaser would be entitled to a refund of deposits held in escrow, if any, and to exercise contractual rights under the sales contract.

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 expects that the general contractor will issue a standard one-year warranty of construction. **Developer makes no separate warranties on construction or habitability.**
2. **Appliances:** Manufacturers' warranties of appliances will be passed through to purchasers. **Developer makes no separate warranties on appliances.**

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

The 24 existing condominium units of Phase I were completed in 1978. Phase II condominium buildings are estimated to be completed as follows: Building F – May 2005, Building E – July 2005, Building D – September 2005, Building C – November 2005, Building B – January 2006. **Note: These are estimated completion dates only, and are subject to change. In planning for closing and moving into their apartments, Purchasers should anticipate that building completion dates, and thus closing and move-in dates, are subject to change.**

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

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

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

[] Specimen Sales Contract

[X] Escrow Agreement dated August 16, 2004.

Exhibit F contains a summary of the pertinent provisions of the escrow contract.

[X] Other **Exhibit E** contains a sample Apartment Reservation agreement.

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other: Agreement, recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 13745, Page 711; Declaration of Covenants, Conditions, and Restrictions (Flood Zone), recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 15525, Page 171; and Section 14.12.080 Agreement for Central Maui Areas, recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 18904, Page 505.

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

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5474 filed with the Real Estate Commission on September 15, 2004.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

Flood Zone/Tsunami. The Project is located approximately one block from the ocean and has an elevation ranging between 10 feet to 50 feet above mean sea level. According to Panel Number 150003 0151 B of the Flood Insurance Rate Map, June 1, 1981, prepared by the United States Federal Emergency Management Agency, the Project is situated in Flood Zone "C," which represents an area of minimal flooding.

Special Management Area ("SMA"). The Project is located in the Special Management Area (SMA). The Maui County Planning Commission granted a SMA permit on August 10, 2004. Any future improvements may require a SMA permit to be filed with the County of Maui Department of Public Works Development Services Administration.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (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.

Douglas E. Myers

Printed Name of Developer

By: 
Duly Authorized Signatory

September 10, 2004

Date

Douglas E. Myers, Individual

Print Name & Title of Person Signing Above

Distribution:

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

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

EXHIBIT A

Developer's Reserved Rights

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

1. Reservation of Power to Grant Easements. The Developer reserves to itself the non-exclusive right to grant from time to time within the Common Elements (other than the Limited Common Elements), easements and rights-of-way over, under, and across the Common Elements (other than the Limited Common Elements) for utilities, sanitary and storm sewers, drains, cable television and other utility services for two (2) or more Apartments and the right to relocate, realign or cancel the same, on such terms and conditions as the Developer may determine in Developer's reasonable discretion, provided that such easements, their use, relocation, realignment, or cancellation shall not materially impair or interfere with the use of any Apartment.
2. Reservation of Power to Grant Access to TMK (2) 4-4-1-106. The Developer reserves to itself the non-exclusive right to grant from time to time easements over and across the internal roadways of the Project (a) for access to and from Lower Honoapiilani Road by owners and residents of any future residential project developed on the parcel adjacent to the Project bearing Tax Map Key No. (2) 4-4-1-106, provided that such owners' use shall be subject to the same rules, regulations and use restrictions applicable to owners and residents of the Project, and (b) for emergency public access from Lower Honoapiilani Road to Honoapiilani Highway, all on such terms and conditions as the Developer may determine in Developer's reasonable discretion.
3. Reservation of Power to Grant Recreational Facilities Use Rights. The Developer reserves to itself the exclusive right to grant the owners in any future residential project developed by Developer or an affiliate of Developer on the parcel adjacent to the Project bearing Tax Map Key No. (2) 4-4-1-106 a license to use the Project's pool, recreation center, and other recreational facilities on such terms and conditions as the Developer may determine in Developer's reasonable discretion, provided that such owners' use shall be subject to the same rules, regulations and use restrictions applicable to owners and residents of the Project.
4. Required Amendments. The Developer reserves the right to make, at any time prior to the recordation of an Apartment Deed for the last Apartment in the Project, amendments to the Declaration, the Bylaws, or the Condominium Map that are required by law, by the Real Estate Commission, by a title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that such amendments shall not change the Common Interest appurtenant to an Apartment or substantially change the design, location or size of any Apartment for which an Apartment Deed has been recorded.
5. Declaration Amendments. The Developer acting alone may amend the Declaration to: (1) file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, Apartment numbers and dimensions of the Apartments as built, or so long as any plans filed therewith involve only non-material changes to the layout, location, Apartment numbers and dimensions of the Apartments as built; (2) assign or change, from time to time, the assignments of individual parking stalls to individual Apartments for which an Apartment Deed has not been recorded, which assignments or changes in assignments shall be accomplished by an amendment to the Declaration; and (3) exercise the rights reserved to the Developer in Article N of the Declaration.

EXHIBIT B

Common and Limited Common Elements

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

1. The land underlying the Project, in fee simple, and any and all easements and appurtenances thereto.
2. All unfinished, undecorated portions of all perimeter (including party) walls and interior load-bearing walls, the undecorated or unfinished surfaces of floors and ceilings, all lanai slabs and railings, all structural components, foundations, floor slabs, columns, girders, beams, supports, shafts, ceilings and spaces between the ceiling and the floor slab or roof above, roofs, exterior surfaces of the Project, including any paint or coating thereon, and all exterior windows.
3. All yards, grounds planters, trellises and landscaping and other refuse facilities, if any, whether within or appurtenant to the Project.
4. All roads, parking areas, driveways, ramps, loading areas or zones, and walkways which are rationally of common use by Owners of more than one Apartment, including the following parking stall numbers that are reserved for guest parking: 71-77 inclusive, 84-94 inclusive, 103-104 inclusive, 169-188 inclusive, and 199 inclusive.
5. All ducts, pumps, valves, sewer lines, drain lines, electrical equipment, cables, wiring, chutes, pipes, shafts, wires, conduits or other utility or service lines which are utilized for or serve more than one Apartment and other central and appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. The individual electrical meters for each of the Apartments, together with the electrical lines from such meters to the Apartments, but only to the point where such lines enter the Apartments.
7. The utility rooms in the Project as shown on the Condominium Map.
8. The pool and pool area.
9. All storage areas, hallways, corridors, stairs, stairways, mechanical rooms, electrical rooms, communications rooms, trash rooms, and other similar areas which are not part of an Apartment.
10. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.
11. Common area percentage ownership is set forth in the table on the immediately following page.

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

1. Parking Stalls. Each Apartment shall have one or more parking stall(s) assigned to it as a limited common element as stated in the Parking Assignment Plan attached to this Exhibit.
2. Mailboxes. Each Apartment shall have as a limited common element the mailbox located at the Project that bears the same number as the Apartment.

COMMON INTEREST

<u>Apartment Type</u>	<u>Common Interest</u>
Studio - D	0.58348%
X-3	0.69719%
One Bedroom - B/HCP	0.75002%
Two Bedroom - E	0.75232%
X-2	0.70753%
One Bedroom - F	0.80401%
One Bedroom - A	0.80975%
Y-7	0.93494%
Y-6	0.95217%
Two Bedroom - H	1.02798%
Two Bedroom - J	1.06818%
Two Bedroom - G	1.28296%
Three Bedroom -M	1.31512%
Two Bedroom - K	1.53335%
Two Bedroom - N	1.59193%
Two Bedroom - L	1.64247%

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES AND DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment Type</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Studio - D	\$183.84	\$2,206.04
X-3	\$219.66	\$2,635.96
One Bedroom – B/HCP	\$236.31	\$2,835.72
Two Bedroom – E	\$237.03	\$2,844.40
X-2	\$222.92	\$2,675.04
One Bedroom – F	\$253.32	\$3,039.82
One Bedroom - A	\$255.13	\$3,061.53
Y-7	\$294.57	\$3,534.88
Y-6	\$300.00	\$3,600.00
Two Bedroom – H	\$323.89	\$3,886.63
Two Bedroom – J	\$336.55	\$4,038.62
Two Bedroom – G	\$404.22	\$4,850.68
Three Bedroom –M	\$414.36	\$4,972.28
Two Bedroom – K	\$483.11	\$5,797.37
Two Bedroom – N	\$501.57	\$6,018.84
Two Bedroom - L	\$517.49	\$6,209.92
TOTALS		\$378,084.00

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Utilities and Services		
Air Conditioning	N/A	N/A
Electricity		
<input checked="" type="checkbox"/> common elements only	\$1,800.00	\$ 21,600.00
<input type="checkbox"/> common elements and apartments		
Elevator	N/A	N/A
Gas	N/A	N/A
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$1,250.00	\$15,000.00
Telephone	\$ 150.00	\$ 1,800.00
Water and Sewer	\$4,764.00	\$57,168.00
Cable TV	\$2,622.00	\$31,464.00
Maintenance, Repairs and Supplies		
Building	\$1,000.00	\$12,000.00
Grounds (pest cntrl, pool, etc.)	\$1,575.00	\$18,900.00
Management		
Management Fee	\$2,000.00	\$24,000.00
Payroll and Payroll Taxes	\$6,367.00	\$76,404.00
Other Expenses	\$ 594.00	\$ 7,128.00
Insurance	\$3,390.00	\$40,680.00
Reserves(*)	\$5,000.00	\$60,000.00
Taxes and Government Assessments	\$ 45.00	540.00
Audit Fees	\$ 200.00	\$ 2,400.00
Other – Professional Services (legal & accounting)	\$ 175.00	\$ 2,100.00
Other – Operating/Administrative Expenses	<u>\$ 575.00</u>	<u>\$ 6,900.00</u>
TOTAL	\$31,507.00	\$378,084.00

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

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

I, Ronald A. Kawahara as agent for/and/or employed by Destinations Maui, Inc.,
the condominium managing agent/developer for the West Maui Breakers
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.

Ronald A. Kawahara
Signature

9/13/04
Date

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

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

EXHIBIT D

Encumbrances on Title

The Title Commitments, issued by Hawaii Escrow & Title, Inc., Escrow Department on September 10, 2004 list the following encumbrances on Title:

As to TMK (2) 4-3-006-002:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Reservation and Covenant contained in Land Patent Grant No. S-14,686 and Grant No. S-14,687, to-wit:

“Reserving to the State of Hawaii, its successors and assigns, in perpetuity, all minerals and surface and ground waters appurtenant to the land described, together with the right to enter, sever, prospect for, mine and remove such minerals by deep mining, strip mining, drilling and any other means whatsoever, and to occupy and use so much of the surface as may be required therefor or to capture, divert or impound water; provided, that the state shall pay just compensation to the surface owner for improvements taken as a condition precedent to the exercise of such reserved rights

The patentee, for itself, her heirs and assigns, covenants that the use and enjoyment of the land herein granted shall not be in support of any policy which discriminates against anyone based upon race, creed, color or national origin.”

3. Reservation set forth in Deed dated August 22, 1950, recorded in said Bureau, in Liber 2388, Page 81, to-wit:

“Pursuant to the provisions of Executive Order 9909, dated December 5, 1947, filed December 8, 1947, with the Division of the Federal Register (12 Fed. Reg. 8223, December 9, 1947), all uranium, thorium, and all other minerals determined pursuant to Section 5 (b) (1) of the Atomic Energy Act of 1946 (60 stat. 761) to be peculiarly essential to the production of fissionable material, contained, in whatever concentration, in deposits in Parcel No. 4 covered by this instrument are hereby reserved for the use of the United States, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine and remove the same, making just compensation for any damage or injury occasioned thereby. However, such land may be used, and any rights otherwise acquired by this disposition may be exercised, as if no reservation of such materials had been made; except that, when such results in the extraction of any such materials from the land in quantities which may not be transferred or delivered without a license under the Atomic Energy Act of 1946, as it now exists or may hereafter be amended, such materials shall be the property of the United States Atomic Energy Commission, and the Commission may require delivery of such materials to it by any possessor thereof after such material has been separated as such from the ores in which it was contained. If the Commission requires the delivery of such materials to it, it shall pay to the person mining or extracting the same, or to such other person as the Commission determines to be entitled thereto, such sums, including profits, as the Commission deems fair and reasonable for the discovery, mining, development, production, extracting, and other services performed with respect to such material prior to such delivery, but such payment shall not include any amount on account of the value of such material prior to such delivery, but such payment shall not include any amount on account of the value of such material before removal from its place of deposit in nature. If the Commission does not require delivery of such material to it, the reservation hereby made shall be of no further force or effect.”

(As to that portion covered by Royal Patent Number 415, Land Commission Award Number 75 to C. Crockett)

5. A Consolidation Agreement by and between William A. Jorgensen, Tove K. Jorgensen, James E. Cain and Priscilla A. Cain, as owner, and the County of Maui, dated May 9, 1979 and recorded in said Bureau in Liber 13831, page 197.

6. Section VII (C) Agreement for West Maui Areas, dated January 19, 1981, recorded in said Bureau in Liber 15304, Page 82, by and between the County of Maui, Department of Water Supply, "County", William A. Jorgensen and Tove K. Jorgensen, Husband and Wife, "Owner", and J & J Development Co., Inc., a Hawaii corporation, "Developer".

7. A Mortgage dated June 19, 2003, in favor of Colorado Business Bank, A Colorado corporation, recorded in said Bureau as Document No. 2003-134745.

As to TMK (2) 4-3-006-069:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Reservation and Covenant contained in Land Patent Grant No. S-14,686 and Grant No. S-14,687, to-wit:

"Reserving to the State of Hawaii, its successors and assigns, in perpetuity, all minerals and surface and ground waters appurtenant to the land described, together with the right to enter, sever, prospect for, mine and remove such minerals by deep mining, strip mining, drilling and any other means whatsoever, and to occupy and use so much of the surface as may be required therefor or to capture, divert or impound water; provided, that the state shall pay just compensation to the surface owner for improvements taken as a condition precedent to the exercise of such reserved rights

The patentee, for itself, her heirs and assigns, covenants that the use and enjoyment of the land herein granted shall not be in support of any policy which discriminates against anyone based upon race, creed, color or national origin."

3. Reservation set forth in Deed dated August 22, 1950, recorded in said Bureau, in Liber 2388, Page 81, to-wit:

"Pursuant to the provisions of Executive Order 9909, dated December 5, 1947, filed December 8, 1947, with the Division of the Federal Register (12 Fed. Reg. 8223, December 9, 1947), all uranium, thorium, and all other minerals determined pursuant to Section 5 (b) (1) of the Atomic Energy Act of 1946 (60 stat. 761) to be peculiarly essential to the production of fissionable material, contained, in whatever concentration, in deposits in Parcel No. 4 covered by this instrument are hereby reserved for the use of the United States, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine and remove the same, making just compensation for any damage or injury occasioned thereby. However, such land may be used, and any rights otherwise acquired by this disposition may be exercised, as if no reservation of such materials had been made; except that, when such results in the extraction of any such materials from the land in quantities which may not be transferred or delivered without a license under the Atomic Energy Act of 1946, as it now exists or may hereafter be amended, such materials shall be the property of the United States Atomic Energy Commission, and the Commission may require delivery of such materials to it by any possessor thereof after such material has been separated as such from the ores in which it was contained. If the Commission requires the delivery of such materials to it, it shall pay to the person mining or extracting the same, or to such other person as the Commission determines to be entitled thereto, such sums, including profits, as the Commission deems fair and reasonable for the discovery, mining, development, production, extracting, and other services performed with respect to such material prior to such delivery, but such payment shall not include any amount on account of the value of such material prior to such delivery, but such payment shall not include any amount on account of the value of such material before removal from its place of deposit in nature. If the Commission does not require delivery of such material to it, the reservation hereby made shall be of no further force or effect."

(As to that portion covered by Royal Patent Number 415, Land Commission Award Number 75 to C. Crockett)

EXHIBIT E

SUMMARY OF RESERVATION AGREEMENT

(SAMPLE FORM)

**THE WEST MAUI BREAKERS
Condominium Apartment Preliminary Reservation**

Apartment Number: _____

Estimated Price: _____

Date: _____

Seller: Douglas E. Myers;

Prospective Buyer(s): _____

Address: _____

Telephone: _____ Fax: _____

E-mail: _____

If Prospective Buyer intends to be an owner/occupant of the Apartment, please complete an Owner/Occupant Affidavit.

This Preliminary Reservation ("Reservation") is between Douglas E. Myers ("Seller") and the person(s) identified above as "Prospective Buyer(s)."

1. Prospective Buyer's Reservation. By this Reservation, Prospective Buyer indicates an intention to purchase the West Maui Breakers Apartment identified above ("Apartment") at the price stated, and Seller indicates an intention to sell the Apartment to Prospective Buyer at the estimated price stated.

2. Deposit. To confirm this Reservation, Prospective Buyer agrees to deposit with Hawaii Escrow & Title, Inc. ("Escrow") the sum of One Thousand Dollars (\$1,000.00) ("Deposit"). Seller agrees that such Deposit shall be held by Escrow in a federally insured, interest bearing account at a bank, savings and loan association, or trust company authorized to do business in the State of Hawaii. If Seller and Prospective Buyer enter into a contract for the purchase and sale of the Apartment, such Deposit, together with all accrued interest thereon, shall be applied towards Prospective Buyer's purchase price and/or closing costs as the parties agree at the time of closing. If Seller and Prospective Buyer do not enter into a contract for purchase and sale of the Apartment, the Deposit, together with all accrued interest thereon, shall be returned to Prospective Buyer.

3. Documents to be Provided. Prior to entering into a purchase and sale contract for the Apartment, Seller agrees to provide Prospective Buyer with the Final Public Report for the West Maui Breakers, together with all other documents required to be provided pursuant to the Hawaii Condominium Property Act, Hawaii Revised Statutes § 514A.

4. Non-binding Preliminary Reservation. Seller and Prospective Buyer acknowledge that this Reservation is not a binding contract. Either Seller or Buyer may terminate this Reservation by written notice to the other delivered by mail. Upon such termination, Prospective Buyer's deposit shall be refunded by Escrow in full with any accrued interest.

EXHIBIT F

Escrow Agreement Summary

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

The Escrow Agreement provides in part that any interest earned on money on deposit shall be paid to the parties in accordance with the terms of the Sales Contract. In the event that the Reservation Agreement or Sales Contract or Hawaii Revised Statutes Chapter 514A entitle a Purchaser to a refund of Purchaser's Deposits held by Escrow, the Escrow, upon instruction from Developer, will refund Purchaser's deposits, less any escrow cancellation fee (which may not exceed \$250) or other costs payable by the Purchaser (e.g., loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract, Chapter 514A, Hawaii Revised Statutes, as amended, or Purchaser's loan application, commitment or prequalification letter.

The Escrow Agreement provides that a Purchaser's deposits may be disbursed from Escrow prior to closing as needed to pay for actual project construction costs and project architectural, engineering, finance and legal fees if (a) a Final Public Report for the Project has been issued, (b) Developer provides escrow with written certification that all legal requirements have been satisfied, the Purchaser's contract has become binding, and that Developer has waived any right to cancel the contract, and (c) the costs or fees to be paid are approved by Developer's construction lender or another qualified, financially-disinterested person. Purchaser's deposits may not otherwise be disbursed from Escrow until construction is completed, Escrow is satisfied that any liens have been cleared or otherwise covered, and the Purchaser's purchase closes.

If the sales contract is cancelled by Developer or Purchaser and Purchaser is not in breach of the sales contract, Purchaser is entitled to return of funds, as more specifically described in the Escrow Agreement and described above. If Purchaser is in default of the sales contract and Developer elects to cancel the sales contract, Purchaser's funds held in Escrow shall be forfeited to Developer.

Prospective Purchasers should read the Escrow Agreement with care.