CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:
Developer Kai Malu Wailea LLC
Address 80 Sand Island Access Road, Suite 209, Honolulu, Hawaii 96819
Project Name(*): KAI MALU AT WAILEA – PHASE I
Address: Okolani Drive, Kihei, Hawaii 96753

Registration No. 5485

Effective date: November 9, 2004
Expiration date: December 9, 2005

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

X	**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.
___	**FINAL: (white)**	The developer has legally created a condominium and has filed complete information with the Commission. [ ] No prior reports have been issued. [ ] This report supersedes all prior public reports. [ ] This report must be read together with _____
___	**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 / 0800 / 0203 / 0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report as Exhibit H [ ] 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.

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

[ ] Changes made are as follows:

SPECIAL ATTENTION

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

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

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

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment 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: Kai Malu Wailea LLC
Name*
80 Sand Island Access Road, Suite 209
Business Address
Honolulu, Hawaii 96819

Phone: (808) 848-2484
(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):
Armstrong Wailea Corporation - Member
Wailea MF-8 LLC - Member

Real Estate Broker*: Armstrong Properties, Ltd.
Name
80 Sand Island Access Road, Suite 209
Business Address
Honolulu, Hawaii 96819

Phone: (808) 848-2484
(Business)

Escrow First American Title Company, Inc.
Name
333 Queen Street, Suite 700
Business Address
Honolulu, Hawaii 96813

Phone: (808) 536-3866
(Business)

General Contractor*: Armstrong Builders, Ltd.
Name
80 Sand Island Access Road, Suite 209
Business Address
Honolulu, Hawaii 96819

Phone: (808) 848-2484
(Business)

Condominium Managing Agent*: Oihana Property Management and Sales, Inc.
Name
840 Alua Street, Suite 103
Business Address
Wailuku, Hawaii 96793

Phone: (808) 244-7684
(Business)

Attorney for Developer: Goodsill Anderson Quinn & Stifel
(Gail O. Ayabe)
Name
1099 Alakea Street, 18th Floor
Business Address
Honolulu, Hawaii 96813

Phone: (808) 547-5600
(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:

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

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:

[X] Proposed
[ ] Recorded - Bureau of Conveyances Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

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

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

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

The House Rules for this condominium are:

[X] 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:

	Minimum Set by Law	This Condominium	**The Developer's written consent also is required to amend any provision that gives the Developer any right or authority.
Declaration (and Condo Map)	75%*	75%	
Bylaws	65%	65%	
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:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency; (c) to file the "as built" verified statement required by Section 514A-12, HRS; (d) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 3 of Section R of the Declaration; (e) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 4 of Section R of the Declaration; (f) at any time to effect the changes provided in the Declaration of Merger of Condominium Phases referred to in Section S of the Declaration, including the right to merge the Project with one or more condominium projects located or to be located on lands (or a portion or portions thereof) adjacent to or in the vicinity of the Project site.

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: Okolani Drive
Kihei, Hawaii 96753

Tax Map Key (TMK): (2) 2-1-008-117

[ ] Address [X] TMK is expected to change because the land to be submitted to the project will be subdivided from other land.

Land Area: 6.614* [ ] square feet [X] acre(s) Zoning: D-2

* The land of the Project presently is part of a larger lot, consisting of 25.160 acres, from which it will be subdivided into a separate lot of approximately 6.614 acres.

Fee Owner: Kai Malu Wailea LLC
Name
80 Sand Island Access Road, Suite 209
Address
Honolulu, Hawaii 96819

Lessor: _____
Name
_____
Address
_____

C. **Buildings and Other Improvements:**

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

* 17 residential buildings
1 Spa Building
1 Lanai Building

2. Number of Buildings: 19*

Floors Per Building:
Residential buildings – 2 floors
Spa Building – 1 floor
Lanai Building – 1 floor

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

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

[X] Other steel, gypsum board, glass and other allied construction materials.

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning	
[X]	Residential	34	[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

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: No livestock, poultry, rabbits, dogs, cats, birds or other animals or pets whatsoever shall be allowed or kept in any apartment or any other part of the Project, except that dogs, cats, fish, tropical birds and other household pets (as determined by the Board) in reasonable number and size as determined by the Board (but not to exceed a total of two (2) such animals (except for aquarium fish) per apartment) may be kept in the apartment.

[ ] Number of Occupants: _____

[X] Other: Residential use only. No time-sharing permitted.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 in each residential building Trash Chutes: 0

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

Total Number of Apartments: 34

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

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

Boundaries of Each Apartment:

SEE EXHIBIT B

Permitted Alterations to Apartments:

SEE EXHIBIT C

Apartments Designated for Owner-Occupants Only:
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. Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 91

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	68*						68
Guest		21					21
Unassigned							0
Extra for Purchase							0
Other: Association use		2					2
Total Covered & Open:	91						91

*Each apartment will include a two-car garage.

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.

[X] Exhibit F contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[X] Swimming pool [ ] Storage Area [ ] Recreation Area

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

[X] Other: Community Center consisting of a spa, lanai and pool area.

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

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

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

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years): Not Applicable.

11. Conformance to Present Zoning Code

a. [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 D.

[ ] 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 E/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 F.

[ ] 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 G describes the encumbrances against the title contained in the title report dated August 23, 2004, and issued by First American Title Company, Inc.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgage lien(s) of Developer's lender(s)	Buyer's interest will be specifically made subject and subordinate to such liens. If Developer defaults or the liens are foreclosed prior to conveyance, either the buyer will obtain title to buyer's apartment upon payment under buyer's sales contract and performance of buyer's other obligations under buyer's sales contract or the buyer will receive a full refund of buyer's deposits.

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:

   SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

2. Appliances:

   SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

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

It is estimated that construction of the Project will commence in February 2005 and will be completed in or before December 2006.

H. **Project Phases:**

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

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

The Developer, at its option, has the right, but not the obligation, to expand the Project by merging, either through an administrative merger or mergers or an ownership merger or mergers, the Project with one or more condominium projects located or to be located on lands (or a portion or portions thereof) in the vicinity of the Project site, and to amend the Declaration to provide for such merger or mergers without obtaining the approval, consent or joinder of any owner, mortgagee or purchaser of any apartment, all as set forth in that certain Declaration of Merger of Condominium Phases referred to in Section S of the Declaration.

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.

(Disclosure Abstract)
Exhibit __H/__ 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)

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

[X] Water [X] Sewer [X] Television Cable*

[X] Other Refuse collection; telephone*

*common elements 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:

[ ] Notice to Owner Occupants

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

[X] Escrow Agreement dated September 3, 2004.
Exhibit ___J___ contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

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

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

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

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

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

A) The Developer delivers to the buyer a copy of:
   1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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 Wailea Covenants; any documents referred to in items 3 through 11 of Exhibit G.

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. 5485 filed with the Real Estate Commission on October 4, 2004.

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

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

C. **Additional Information Not Covered Above**

1. WAILEA COVENANTS. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions dated July 13, 1998, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2479882, as supplemented, amended and restated from time to time (the "Wailea Covenants"). The Wailea Covenants provide, among other things, that: (a) every owner shall be deemed to have a membership in the Wailea Community Association and shall pay assessments to the Wailea Community Association, as set forth in the Wailea Covenants; and (b) approval be obtained prior to making certain alterations within the Project.

2. MAINTENANCE AND REPAIR OF APARTMENTS AND COMMON ELEMENTS. The By-Laws provide that every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all doors, sliding glass doors (if any), windows, window fixtures, and all internal installations within the apartment such as water, electricity, gas (if any), telephone, sanitation, lights and all other fixtures, appliances, and accessories belonging to such apartment, if any, and the interior walls and partitions and the interior decorated or finished surfaces of all walls, partitions, floors, ceilings and roofs of such apartment, if any, the barbecue, if any, and the Air Conditioning System, but not including the lanais, with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent.

Except as hereinabove expressly provided to the contrary, all maintenance, repairs and replacements to the common elements and the limited common elements, whether located inside or outside of the apartments, including without limitation, the swimming pools, if any, the spas, if any, and the fences, if any, located within the Yard Areas, and the lanais, shall be made by the Board and be charged to all the owners as a common expense or a limited common expense; provided, however, that any such maintenance, repair or replacement necessitated by the negligence, misuse or neglect of an apartment owner or occupant or any person under either of them, shall be charged to such apartment owner or the apartment owner of the apartment of such occupant, as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

3. NO RENTAL POOL. No rental pools are available or being offered by the Developer in connection with this Project.

4. PRIVATE PARK DECLARATION. As required by the County of Maui, the Developer plans to execute and file, and reserves the right to execute and file, in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, a private park declaration.

5. SPECIAL MANAGEMENT AREA. The Project is within a special management area, which may require an application to the County of Maui for approval for any future improvements to the Project.

6. ENCROACHMENTS. Exhibit G, Item 11 reflects a number of encroachments from other lots upon Lot 303. The Developer plans to subdivide Lot 303 into several lots, one or more of which will consist of the land that will be submitted to the Project. Certain encroachments referred to in Exhibit G, Item 11 may affect the land to be submitted to the Project. The Developer currently is investigating the various encroachments and, with respect to each encroachment, either (a) will require that the encroachment be removed, or (b) will permit the encroachment to remain and will enter into an encroachment agreement with the owner(s) of the land from which the encroachment is derived.

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.

KAI MALU WAILEA LLC,
a Hawaii limited liability company
Printed Name of Developer

By Armstrong Wailea Corporation,
a Hawaii corporation,
Its Member

By: _____ OCT 0 4 2004
Duly Authorized Signatory* Date

Robert H. Armstrong, President
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.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT A

APARTMENT DESCRIPTION

Apt. Type	No. of Apts.	Bedroom/ Bath	Approx. Net Living Floor Area in Sq. Ft.	Approx. Net Garage Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.
A	12	3/2½	1,796	435	320
AR	9	3/2½	1,796	435	320
B	8	3/2½	1,852	452	299
BR	5	3/2½	1,852	452	299

Total Apartments: 34

*Net Living Floor 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.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls, floors and ceilings and/or roofs of the respective apartment as shown on the Condominium Map. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roofs and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls; the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all windows, window frames, louvers (if any), shutters, doors and door frames along the perimeter of the apartment; the garage as shown on the Condominium Map; the lanai(s) as shown on the Condominium Map, including the barbecue, if any, located therein; and all of the fixtures and appliances originally installed therein (including the air conditioning system and all appurtenances thereto which shall include the ducts, pipes and condenser, whether located within the building or outside of the building in which the apartment is located).

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

Except as otherwise provided in the Declaration or in the By-Laws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraph 6 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record 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; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment, and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owners of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the filing by the Developer of the "as-built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act (but in no event later than December 31, 2010), the Developer shall have the right to make alterations in the Project (and to amend the Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded, including, without limitation, changes to the metes and bounds or dimensions of the limited common elements; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded and construction of all of the apartments in the Project has been completed by the Developer, the Developer shall have the right to make alterations in the Project (and to amend the Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which consist of changing the apartment type of any of the apartments in the Project; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 4 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded, and construction of all of the apartments in the Project has been completed by the Developer, the Developer shall have the right to make alterations in the Project (and to amend the

Declaration, the By-Laws and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which consist of installing a swimming pool, a spa, a barbecue and/or a fence within one or more yard areas; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 5 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, an apartment owner shall have the right to make alterations in the Project which consist of installing a fence within the yard area that is a limited common element appurtenant to such apartment owner's apartment. The installation of the fence shall be in accordance with (a) fence plans and specifications prepared by the Project architect, Group 70 International, Inc. (for which Board approval shall not be required) or (b) plans and specifications prepared by a licensed architect (if so required by the Board) that are submitted to and approved by the Board, all in accordance with all provisions of the Declaration. In addition to the foregoing, installation of a fence shall require the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), and by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered.

Notwithstanding any other provision in the Declaration to the contrary, the Association, through its Board of Directors, shall have the right to make alterations in the Project without the approval, consent or joinder of any apartment owner, which consist of installing a gate at the entrance of the Project. The installation of the entry gate shall only require the written approval thereof by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, and such alterations may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. The Association, through the Board, shall have the right to obtain any and all necessary or appropriate approvals for the installation of said entry gate. Upon installation thereof, the entry gate shall be a common element of the Project and all charges, costs and expenses incurred by the Association for the maintenance and repair of the entry gate shall constitute common expenses of the Project for which all apartment owners shall be severally liable in proportion to the common interests appurtenant to their respective apartments.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT D

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

(a) The Land in fee simple;

(b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, walkways, entrances, entryways and exits of all residential apartment buildings of the Project;

(c) All walkways, roadways, sidewalks (if any), perimeter walls (if any), retaining walls (if any), fences (if any), gates (if any), yard areas, driveways, parking areas, loading zones, yards, grounds, landscaping, trash enclosures (if any) and mailboxes;

(d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, electrical rooms (if any), wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);

(e) The twenty-one (21) regular size, uncovered guest parking stalls and the two (2) regular size, uncovered Association parking stalls, located in the parking areas of the Project, all as shown on the Condominium Map;

(f) The Spa Building;

(g) The Lanai Building;

(h) The Pool Area;

(i) The Entry Gate, if any;

(j) The open space access pathways and the natural drainage culvert, as shown on the Condominium Map;

(k) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;

(l) The limited common elements described in Exhibit E attached hereto.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT E

LIMITED COMMON ELEMENTS

(a) Each of the yard areas within the Project, together with the swimming pool, if any, spa, if any, and fence, if any, located therein, designated on the Condominium Map as Yard Areas Y1A, Y1B, Y2A, Y2B, Y3A, Y3B, Y4A, Y4B, Y5A, Y5B, Y6A, Y6B, Y7A, Y7B, Y8A, Y8B, Y9A, Y9B, Y10A, Y10B, Y11A, Y11B, Y12A, Y12B, Y13A, Y13B, Y14A, Y14B, Y15A, Y15B, Y16A, Y16B, Y17A, and Y17B, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(b) Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(c) Any portion of a driveway pad which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(d) Any mailbox assigned to an apartment by the Developer or the Association of Apartment Owners of the Project shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT F

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

Apt No.	Apt. Type	Bldg. No.	Yard Area No.	Common Interest
1A	B	1	Y1A	2.99715%
1B	A	1	Y1B	2.90653%
2A	AR	2	Y2A	2.90652%
2B	BR	2	Y2B	2.99715%
3A	AR	3	Y3A	2.90652%
3B	BR	3	Y3B	2.99715%
4A	AR	4	Y4A	2.90652%
4B	A	4	Y4B	2.90653%
5A	AR	5	Y5A	2.90652%
5B	BR	5	Y5B	2.99715%
6A	AR	6	Y6A	2.90652%
6B	A	6	Y6B	2.90653%
7A	AR	7	Y7A	2.90652%
7B	BR	7	Y7B	2.99715%
8A	AR	8	Y8A	2.90652%
8B	A	8	Y8B	2.90653%
9A	B	9	Y9A	2.99715%
9B	A	9	Y9B	2.90653%
10A	AR	10	Y10A	2.90652%
10B	BR	10	Y10B	2.99715%
11A	B	11	Y11A	2.99715%
11B	A	11	Y11B	2.90653%
12A	B	12	Y12A	2.99715%
12B	A	12	Y12B	2.90653%
13A	AR	13	Y13A	2.90653%
13B	A	13	Y13B	2.90653%
14A	B	14	Y14A	2.99715%
14B	A	14	Y14B	2.90653%

Apt No.	Apt. Type	Bldg. No.	Yard Area No.	Common Interest
15A	B	15	Y15A	2.99715%
15B	A	15	Y15B	2.90653%
16A	B	16	Y16A	2.99715%
16B	A	16	Y16B	2.90653%
17A	B	17	Y17A	2.99715%
17B	A	17	Y17B	2.90653%

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the County of Maui.

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

3. Easement for drainage purposes, as described by instrument dated April 18, 1973, filed as Land Court Document No. 626880.

4. The restrictions on use and other restrictions and all other of the covenants, agreement, obligations, conditions, reservations, easements and other provisions set forth in that certain Wailea Community Association Declaration of Covenants and Restrictions dated December 19, 1986, filed as Document No. 1427923, as amended and restated by that certain Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions dated July 13, 1998, filed as Document No. 2479882, as further supplemented, amended and restated from time to time.

5. Agreement for the Deferral of Subdivision Water System Improvements dated March 22, 1993, recorded as Document No. 93-088224.

6. Grant of Easement dated August 11, 1987, filed as Land Court Document No. 2614891 and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-039649, by and between Laurel Audrey Mossberg, as Grantor, and Wailea Development Company, Inc., a Hawaii corporation, as Grantee, of an easement to drain surface water run-off and to construct, reconstruct, install, maintain, operate, repair and remove a drainage structure, including necessary appurtenant equipment, as part of a drainage system.

7. Encroachment Agreement dated May 30, 2001, filed as Land Court Document No. 2710476.

8. Obligations, if any, to the repair, maintenance and/or replacement of drainage systems located under Wailea Alanui and Wailea Elua as mentioned in Limited Warranty Deed dated October 1, 2003, filed as Land Court Document No. 3003664.

9. The restrictions on use and other restrictions and all other of the covenants, agreement, obligations, conditions, reservations, easements and other provisions set forth in that certain Additional Declaration of Covenants, Conditions and Restrictions dated ----- (acknowledged April 30, 2004), filed as Land Court Document No. 3103669.

10. The terms, provisions, reservations, covenants, conditions and restrictions contained in that certain Limited Warranty Deed with Covenants dated May 2, 2004, filed as Land Court Document No. 3103670.

11. The following matters as shown or disclosed by the survey dated June 24, 2004, prepared by Ronald M. Fukumoto, Licensed Professional Land Surveyor, Certificate No. 5451, with Ronald M. Fukumoto Engineering, Inc.:

    a. Apparent encroachments from Lot 304 (Map 34) onto Lot 303: Portions of concrete cart path and plastic posts with rope guard are within Lot 303.

    b. Apparent encroachments from Lot 65 (Map 9) onto Lot 303: Portions of wooden gate and gate post, concrete retaining wall and irrigation system in lawn are within Lot 303.

    c. Apparent encroachments from Lot 63 (Map 9) onto Lot 303: Irrigation system in lawn, including hose bibb and sprinkler heads and a stonewall are within Lot 303.

    d. Apparent encroachments from Lot 56 (Map 9) onto Lot 303: Irrigation system in lawn is within Lot 303.

    e. Apparent encroachments from Lot 55 (Map 9) onto Lot 303: Portions of stonewall, irrigation system in lawn, water fountain with stonewall patio, tree house, shed with concrete ramp and electrical wiring are within Lot 303.

    f. Apparent encroachments from Lot 53 (Map 9) onto Lot 303: Concrete pad is within Lot 303.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT H

DISCLOSURE ABSTRACT

1. (a) PROJECT: Kai Malu at Wailea - Phase I
Kihei, Hawaii

(b) DEVELOPER: Kai Malu Wailea LLC
80 Sand Island Access Road, Suite 209
Honolulu, Hawaii 96819

(c) MANAGING AGENT: Oihana Property Management and Sales, Inc.
840 Alua Street, Suite 103
Wailuku, Hawaii 96793
Telephone: (808) 244-7684

(d) REAL ESTATE BROKER: Armstrong Properties, Ltd.
80 Sand Island Access Road, Suite 209
Honolulu, Hawaii 96819
Telephone: (808) 848-2484

2. USE OF APARTMENTS:

(a) Number of Apartments in Project for Residential Use: 34

(b) Proposed Number of Apartments in Project for Hotel Use: -0-

(c) Extent of Commercial or Other Nonresidential Development in Project: None

3. WARRANTIES:

(a) Warranties.

Seller will not be providing any warranties related to the Apartment or the common elements of the Project. However, Seller will use reasonable efforts to arrange for the assignment of applicable warranties, if any, to Buyer from the general contractor and subcontractors, relating to the workmanship of the initial construction of the Apartment and the common elements of the Project. All materials, including without limitation, all appliances, light fixtures, floor

coverings and other such items within the Apartment and the common elements of the Project, shall be covered solely by the applicable warranties, if any, of the respective manufacturers thereof. The warranty periods of the various warranties described herein may vary, and Buyer should notify directly the general contractor, the subcontractors or the manufacturers, as applicable, with respect to any warranty claims that Buyer may have. Seller shall cooperate with the Buyer during the effective period of such warranty in asserting any claims based on any such warranty. Seller is merely attempting to pass through to the Buyer any such warranties; Seller is not adopting any such warranties or acting as co-warrantor with respect to such warranties. The terms of the written warranties will be available for the Buyer's examination at the Seller's sales office.

(b) No Other Warranties.

Except for the agreements set forth herein, THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY APARTMENT, THE PROJECT, ANY CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN ANY APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF ANY APARTMENT FOR A PARTICULAR PURPOSE.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Oihana Property Management and Sales, Inc., a Hawaii corporation, for the one-year period commencing January 1, 2005, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. WAILEA COMMUNITY ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Wailea Community Association. As such member, each apartment owner will be required to pay Wailea Community Association monthly dues. As of October 1, 2004, the Wailea Community Association dues for apartment owners in the Project are $376.30 per year.

6. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states 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; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President of Oihana Property Management and Sales, Inc., a Hawaii corporation, designated by the Developer of the Kai Malu at Wailea - Phase I condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 1, 2005, based on generally accepted accounting principles.

DATED: Wailuku, Hawaii, this 21 day of September, 2004.

Dick Weaver
President

Subscribed and sworn to before me
this 21st day of September, 2004.

Sandra S Higa
Typed or Printed Name: Sandra S. Higa
Notary Public, State of Hawaii

My Commission expires: 6/20/06

EXHIBIT "1"

KAI MALU AT WAILEA – PHASE I

Estimated Annual Common Expenses

	MONTHLY	ANNUAL
Utilities		
Electricity (common elements only)	$625.00	$7,500.00
Refuse Collection	599.00	7,188.00
Telephone (common elements only)	50.00	600.00
Water and Sewer	4,239.00	50,868.00
Cable (common elements only)	80.00	960.00
Gas (common elements only)	375.00	4,500.00
Maintenance, Repairs and Supplies		
Buildings	1,670.00	20,040.00
Grounds	6,828.00	81,936.00
Management		
Management Fee	782.00	9,384.00
Payroll and Payroll Taxes	3,531.00	42,372.00
Office Expenses	68.00	816.00
Insurance	5,160.00	61,920.00
Reserves	4,176.00	50,112.00
Taxes and Government Assessments	2.00	24.00
Professional Services – Audit	358.00	4,296.00
Other	200.00	2,400.00
TOTAL DISBURSEMENTS	$28,743.00	$344,916.00

The estimated annual common expenses contained in this Exhibit "1" do not include the cost to repair and maintain the swimming pools, if any, spas, if any, and/or fences, if any, located within the yard areas that are limited common elements of the Project, the cost of which shall be charged separately to the owners of the apartments to which such yard

areas containing such swimming pools, spas and/or fences are appurtenant, as limited common expenses.

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

The estimated monthly maintenance charge for each Type A and Type AR apartment is $834.22 per month.

The estimated monthly maintenance charge for each Type B and Type BR apartment is $860.23 per month.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT I

SUMMARY OF SALES AGREEMENT

A specimen Sales Agreement (the "Sales Agreement"), has been submitted to the Real Estate Commission and is available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Options. Buyer is aware that upon selection of any and all options by buyer (pursuant to a separate addendum to the Sales Agreement executed by Seller and buyer), buyer shall pay to Seller 100% of the total price of such options (the "Option Deposit"). Buyer understands and acknowledges that the Option Deposit shall not be refunded under any circumstances. If, for any reason, buyer cancels the Sales Agreement, Seller shall retain the Option Deposit. Buyer understands and acknowledges that buyer must select any and all options within the time period specified by Seller. Buyer also understands and acknowledges that certain options may not be available at the time of selection for a number of reasons, including, but not limited to, the construction status of the Apartment, material discontinuances, and delays such options may cause to the completion of the Apartment.

2. Possible Merger of Project with Additional Phases. The Declaration of Merger, among other things, gives the Seller the right, in its sole and absolute discretion, to cause and effect an administrative merger or mergers of the Project with a condominium project or projects located or to be located on lands (or a portion or portions thereof) in the vicinity of the Land of the Project, as part of the same incremental plan of development of the Project, such that the use of the respective common elements, the respective common expenses and the management of the respective affairs of the Project and the additional phases are shared, and the administration of the Project and the additional phases is unified under one association of apartment owners, but the ownership interests of the apartment owners in the Project and the additional phases are not altered or affected. The Declaration of Merger also gives the Seller the right, in its sole and absolute discretion, to cause and effect an ownership merger or mergers of the Project and the additional phases, as an alternative to an administrative merger or mergers of the Project and the additional phases, to provide for the common ownership of the Project and the additional phases by all of the apartment owners of the Project and the additional phases. Upon an ownership merger, all

of the apartments in the merged phases shall be treated as though they were all included in a single condominium project, all common elements of the merged phases will become the common elements of the Merged Project, and the Common Interest appurtenant to the Apartment shall be altered from the percentage set forth in Article I of the Sales Agreement to a percentage as set forth in the Certificate of Ownership Merger filed by the Seller, in accordance with the Declaration of Merger. Nothing herein will be deemed to require Seller to develop the additional phases or to merge the additional phases into the Project, or to prohibit Seller from dealing with any lands adjacent to the Project not merged with the Project, including without limitation, developing all or any part of such lands for purposes inconsistent with the merger of such lands into the Project.

3. Buyer's Interest Under the Sales Agreement Is to Be Subordinate to the Revolving Credit Facility. Buyer acknowledges that Seller has entered or will enter into an agreement with the Construction Lender pursuant to which the Construction Lender may make available to Seller a revolving credit facility with a maximum principal amount of Forty Million and No/100 Dollars ($40,000,000.00), for a period of three and one-half (3½) years from the date of the closing of the revolving credit facility, for the purpose of developing the Project. To secure this revolving credit facility, Seller has granted or will grant to the Construction Lender a mortgage and security interest covering Seller's interest in the Land and the Project, including the Property covered by the Sales Agreement. Buyer acknowledges and agrees that all security interests obtained by the Construction Lender in connection with such revolving credit facility as well as any extensions, renewals and modifications thereof shall be and remain at all times a lien or charge on the Project, including the Property covered by the Sales Agreement, prior to and superior to any and all liens or charges on the Project arising from the Sales Agreement. Buyer intentionally waives, relinquishes and subordinates the priority or superiority of any lien under the Sales Agreement in favor of the lien or charge on the Project of the security interests of the Construction Lender. Buyer further undertakes and agrees to execute any further documentation or subordination agreement required by Seller or the Construction Lender to evidence this subordination within seven (7) days of a request to do so, and Seller shall have the right in its sole discretion to cancel the Sales Agreement if buyer fails or refuses to do so. Buyer also consents to Seller's assignment by way of security of Seller's interests in the Sales Agreement and buyer's escrow deposits to the Construction Lender and agrees that in the event of passage of Seller's interests therein pursuant to said assignment, that buyer will, at Construction Lender's option, perform to, attorn to and recognize Construction Lender (its successors and assigns in interest, if any) as Seller hereunder, with all of the rights of Seller hereunder, all as if the Construction Lender were the original Seller hereunder.

4. Return of Buyer's Payments. If (a) buyer does not perform the Mortgage Loan Acts (as defined in the Sales Agreement), or (b) buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason at any time prior to the closing of the purchase of the Property, with buyer's ability to make the cash payments, then Seller may (but does not have to) cancel the Sales Agreement by giving written notice to buyer.

5. Use of Apartment. Buyer acknowledges that the Declaration provides, among other things, that (a) the apartment shall at all times be used only for residential and related purposes; (b) no apartment shall be used for or in connection with any time-sharing purpose or so called "vacation license", "travel club membership" or "time-interval ownership" arrangements; and (c) the owners of apartments shall have the right to lease their apartments, provided that such lease is in writing and for a term of not less than thirty (30) days, or such longer minimum period as required by the Maui County Code or any other applicable statute or ordinance, and is expressly made subject to the covenants and restrictions contained in the Declaration, the By-Laws and the Rules and Regulations and any other applicable covenants, restrictions and laws. Buyer understands and acknowledges that pursuant to the Maui County Code, apartments in the Project may not be rented or leased for a period of less than 180 days.

6. Construction Lender Requirements. Notwithstanding anything in the Sales Agreement that may be to the contrary, Seller's obligation to construct and convey the Property to buyer is conditioned upon and made expressly subject to Seller's ability to satisfy the requirements of the Construction Lender. The requirements of the Construction Lender are subject to change and may include the requirement that in order to obtain funding to finance the construction of any apartment or common element within the Project, Seller must obtain "Qualified Pre-Sales" for at least fifty percent (50%) of the apartments in the Project. In order to meet the definition of a "Qualified Pre-Sale", the Lender may require that (i) the apartment is sold under a bona fide contract of sale approved by the Construction Lender and the purchaser under such contract has been pre-qualified by the Construction Lender or another financial institution (which institution and terms of approval have been approved by the Construction Lender) or the purchaser is determined to have sufficient liquidity to purchase the apartment without third party financing (as determined by the Construction Lender); (ii) the apartment sale is evidenced by a binding sales contract without any right to rescind or terminate such sales contract; and (iii) the purchaser has made a non-refundable earnest money deposit into escrow of at least ten percent (10%) of the sales price. If the Presale Requirement and the other conditions imposed by the Construction Lender are satisfied or waived by the Construction Lender, in its sole discretion, then Seller shall give written notice of same to buyer, and the terms of this section shall thereupon terminate and be of no further force and effect. Notwithstanding any other provision contained herein to the contrary, if the Presale

Requirement and the other conditions imposed by the Construction Lender are not satisfied or waived, and/or if Seller is unable to close on the revolving credit facility and/or if Seller is denied a request for an advance on the revolving credit facility, Seller shall give written notice of same to buyer and Seller or buyer each may unilaterally cancel the Sales Agreement at any time thereafter by giving written notice to the other party, and upon such cancellation by either party, Seller shall direct Escrow to refund to buyer all deposits paid hereunder by buyer with accrued interest. In the event of any termination of the Sales Agreement pursuant to this Section, buyer will pay, and Seller will not be responsible for, the payment to buyer's mortgage lender's, if any, reasonable processing costs or cancellation fees and any similar fees or costs incurred by or charged to buyer as a result of such event. Seller shall be responsible for any Escrow fees incurred as a result of such event.

7. Warranties.

(a) Warranties. Seller will not be providing any warranties related to the Apartment or the common elements of the Project. However, Seller will use reasonable efforts to arrange for the assignment of applicable warranties, if any, to buyer from the general contractor and subcontractors, relating to the workmanship of the initial construction of the Apartment and the common elements of the Project. All materials, including without limitation, all appliances, light fixtures, floor coverings and other such items within the Apartment and the common elements of the Project, shall be covered solely by the applicable warranties, if any, of the respective manufacturers thereof. The warranty periods of the various warranties described herein may vary, and buyer should notify directly the general contractor, the subcontractors or the manufacturers, as applicable, with respect to any warranty claims that buyer may have. Seller shall cooperate with the buyer during the effective period of such warranty in asserting any claims based on any such warranty. Seller is merely attempting to pass through to the buyer any such warranties; Seller is not adopting any such warranties or acting as co-warrantor with respect to such warranties. The terms of the written warranties will be available for the buyer's examination at the Seller's sales office.

(b) No Other Warranties. Except for the agreements set forth herein, THE SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY APARTMENT, THE PROJECT, ANY CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN ANY APARTMENT OR THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF ANY APARTMENT FOR A PARTICULAR PURPOSE.

8. The Condominium Map Is Not a Warranty. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. Buyer understands and acknowledges that items shown on the Condominium Map, including, without limitation, the metes and bounds or dimensions of the limited common elements, such as yard areas, may change due to field changes and other factors, and Seller reserves the right to amend the Condominium Map, the Declaration and the other Project documents from time to time to reflect such changes. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A REPRESENTATION OR WARRANTY OF ANY KIND BY SELLER.

9. Seller Makes No Promises About Rentals or Other Economic Benefits. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS REPRESENTED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED HEREIN AND IN THE DECLARATION, THE BY-LAWS AND ANY OTHER DOCUMENTS AFFECTING THE PROPERTY. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

10. Closing. Closing will take place on the Closing Date which is the date that the Apartment Deed conveying the Property to buyer is filed or to be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. The Closing Date will be set by Seller alone. It will not be less than ten (10) days after Seller signs the Sales Agreement and it will not be before a temporary or permanent certificate of occupancy covering the Apartment is issued (or if no certificate of occupancy will be issued, the Closing Date will not be before Seller determines that the Apartment is complete enough to be occupied). Seller may delay the Scheduled Closing Date for up to thirty (30) extra days. Seller will give buyer at least ten (10) days' notice of the Closing Date.

11. Buyer's Obligation to Pay Closing Costs and Other Amounts. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all conveyance taxes, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all costs of any mortgage that buyer makes, including mortgage recording fees.

12. Default by Buyer. If, prior to closing, buyer fails to make any payment when it is due or fails to keep any of buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained herein, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving buyer written notice of cancellation and Seller may keep all sums paid by buyer under the Sales Agreement as "liquidated damages" (i.e., the amount agreed to by buyer and Seller as properly payable in settlement for breach of contract), and not as a penalty. Without limiting the generality of the foregoing, buyer understands and acknowledges that if buyer defaults under the Sales Agreement after it has become a binding contract (as described in Article V, Section E.1 of the Sales Agreement), Seller may keep the Option Deposit in addition to all other sums paid by buyer under the Sales Agreement. If Seller cancels the Sales Agreement, buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing and construction of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make buyer keep all of buyer's promises and agreements, including, without limitation, closing the purchase of the Property).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable attorneys' fees and the escrow cancellation fee, which are incurred because of buyer's default.

13. Default by Seller. If, prior to closing, Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, buyer, if not in default hereunder, may file a lawsuit for specific performance to require Seller to go through with the Sales Agreement (unless the Sales Agreement is only a "reservation" in which case the terms of Article V, Section E.1 of the Sales Agreement will control) or buyer may exercise any other remedy to which buyer is entitled to at law or equity, including canceling the Sales Agreement, if applicable. If buyer cancels the Sales Agreement because of Seller's default, Seller will repay to buyer all sums paid by buyer to Seller or Escrow under the Sales Agreement, without interest.

14. Conditions Affecting the Property and Project. The buyer understands, acknowledges, covenants and agrees to the following:

(a) Agricultural Effects. The Project is located on and is near or adjacent to lands and easements used for or in connection with the cultivation of sugarcane, pineapple and diversified agricultural operations, which may include, but are not limited to, open burning, trucking, plowing, hauling, fertilizing, grading, storing, herbicide and pesticide spraying, crop dusting, water diversion, irrigation, and all other activities incidental to the planting, cultivating, harvesting and processing of crops, including night time activities, and the grazing and raising of livestock, poultry and other animals, which may from time to time cause surface water runoff, noise, ash, soot, smoke, dust, light, heat, vapors, odors, chemicals, vibrations, insect pests, and other substances and phenomena of every description (collectively, the "Agricultural Effects") to be discharged, emitted, dispersed or transmitted over and upon the Property or the Project which may bother or be a nuisance to the buyer and any person occupying or using the Property, and the buyer also acknowledges that the Hawaii Right to Farm Act (Chapter 165 of the Hawaii Revised Statutes) and Hawaii law limit the circumstances under which farming operations may be deemed to be a nuisance;

(b) Utility Effects. The Property is or may be located adjacent to or in the vicinity of electric, water and other utilities and public roads and thoroughfares, including, without limitation, such things as electrical substations, high-powered electrical transmission lines, water and sewer pump stations, water and sewer mains, water tanks, reservoirs, freeways and exit ramps which may result in nuisances, such as noise and dust, disturbances or hazards (collectively, the "Utility Effects") to persons and to property on or within the Property. In recent years, concerns have been raised about possible adverse health effects of electric and magnetic fields from power lines. Seller is not insuring or guaranteeing the health of buyer or other occupants or users of the Property and disclaims liability for personal injury, illness or any other loss or damage caused by or arising from the Utility Effects including, without limitation, the presence or malfunction of any electrical distribution systems that may be located adjacent to, near, or over any part of the Property;

(c) Golf Course Effects. The Property is located adjacent to or in the vicinity of the existing golf courses (collectively, the "Golf Course"). There may be significant use of the Golf Course by members of the public. Operation of the Golf Course and its layout may be revised or modified at any time at the discretion of the owner or operator of the Golf Course. The location of the Property with respect to the Golf Course may result in blocked views, and/or nuisances, disturbances or hazards to persons (including tenants and guests) and property on or within the Property as a result of the Golf

Course and related operations and activities, which include, without limitation, the following: (i) maintenance and repair activities taking place within the immediate vicinity of the Property, including but not limited to the use of maintenance utility vehicles, mowers, and other equipment, and the application of agricultural chemicals and fertilizers; (ii) use of non-potable water, which should not be consumed by people or animals, for irrigation of the Golf Course, which may overspray on to the Property and the Project; (iii) golf carts and/or errant golf balls and from other golf course-related activities; (iv) noise, traffic and other effects incidental to operation of the Golf Course, tournaments and maintenance and repair activities (collectively, the "Golf Course Effects");

(d) Resort-Related Effects. (i) The Property is part of the Wailea Resort which contains a number of hotels, condominium projects and retail uses; and (ii) the Project contains open space access pathways that are accessible by the public. The location of the Project within the resort may result in noise, traffic and other effects incidental to a resort, and the accessibility of the Project to pedestrians via the open space access pathways contained within the Project may result in noise and disturbances (collectively, the "Resort-Related Effects");

(e) Amenity Effects. (i) The Project will contain a community center (the "Community Center"), which will contain, among other things, a swimming pool; and (ii) certain purchasers may be offered an option to install a swimming pool and/or spa within the yard area that is a limited common element appurtenant to such purchaser's apartment. The Community Center and the swimming pools and/or spas may result in noise and disturbances, and there are risks, including without limitation, safety risks, associated with the presence and use of the Community Center and the swimming pools and/or spas located within the yard areas (collectively, the "Amenity Effects"). The Association, and not the Seller, is responsible for managing the use of the Community Center, and each owner is responsible for supervising the use of, and securing from unauthorized use, the swimming pool and/or spa located within the yard area that is a limited common element appurtenant to such owner's apartment. Seller disclaims liability for personal injury or any other loss or damage caused by or arising from the Amenity Effects;

(f) Animal Effects. It has been reported that certain animals have been sighted on or in the vicinity of the Property: (i) one or more groups of deer have been sighted on the Property; (ii) it has been reported that a "big cat", thought to be either a leopard, jaguar or mountain lion, which was the subject of a number of sightings in 2002 and 2003, has been sighted on or in the vicinity of the Property, (iii) it has been reported that non-native Caribbean frogs may have become established on or in the vicinity of the Property. The deer have been known to damage or destroy landscaping, and the frogs can make extremely loud noises (collectively, the "Animal Effects");

(g) Mold Effects. Mold and other forms of fungi are common and occur naturally in Hawaii due to its climate. Any moisture, including but not limited to standing water, water intrusion in a home, or condensation will promote mold or other fungal growth. Lack of maintenance, utilization of an air-conditioner and other conditions which could increase moisture or condensation in a home, will therefore create conditions which are conducive to mold and fungi growth. It has been reported or alleged that molds and other fungi can cause mild to severe allergies, infections and other health problems and property damage (collectively, the "Mold Effects"). Seller is not insuring or guaranteeing the health of buyer or other occupiers or users of the Property and disclaims liability for personal injury, illness, property damage, or any other loss or damage caused by or arising from the Mold Effects; and

(h) Development Effects. (i) The Project is or may be located adjacent to or in the vicinity of various construction activities, including, but not limited to, ongoing residential and related construction (collectively, the "Proposed Development"); (ii) construction of the Proposed Development will or may result in blasting, noise, dust, vibration and other nuisances, disturbances or hazards to buyer and to persons and property on or within the Property or the Project, and may limit buyer access to the Project; (iii) when completed, traffic, lights, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project may be generated from the Proposed Development; (iv) no representations or warranties are made by Seller, its employees or agents concerning plans, or the absence of plans, by Seller or others for future development of adjacent or nearby properties, and any plans for the future development of adjacent and nearby properties by Seller are subject to change in the sole and absolute discretion of the Seller or its successors and assigns, including, without limitation, changes in the type, location and quality of the development to occur; and (v) SELLER MAKES NO REPRESENTATIONS REGARDING THE VIEW FROM THE PROPERTY OR ANY VIEW EASEMENTS OR RIGHTS, AND THE VIEWS FROM THE PROPERTY ARE NOT GUARANTEED AND MAY BE ALTERED, DIMINISHED, ELIMINATED OR BLOCKED ENTIRELY BY THE FUTURE DEVELOPMENT OF ADJACENT OR SURROUNDING PROPERTIES (items (i) through (v) are hereinafter collectively called the "Development Effects"); and

(i) Waiver, Release and Indemnity. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh the risks of the Agricultural Effects, the Utility Effects, the Golf Course Effects, the Resort-Related Effects, the Amenity Effects, the Animal Effects, the Mold Effects and the Development Effects (collectively, the "Property Conditions"). Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the Property Conditions. Buyer hereby covenants and agrees to assume all

risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Property Conditions, and buyer, for the buyer and the buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Property through the buyer for an extended period of time (collectively, the "Occupants"), hereby waives any claims or rights of action or suits against Seller, its successors and assigns, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from one or more of the Property Conditions. Buyer shall indemnify, hold harmless and defend Seller, its successors and assigns, from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the Occupants as a result of one or more of the Property Conditions. Buyer further covenants that buyer will notify all Occupants and transferees of the Property of the risks of the Property Conditions.

15. Swimming Pools and/or Spas and/or Fences. Certain purchasers may be offered an option to install a swimming pool and/or spa and/or a fence (the "Options") within the yard area that is a limited common element appurtenant to the apartment which they are purchasing. If purchasers are offered, and elect to install, one or more of the Options, the Association will maintain these areas within the Project and assess the owners for their portion of the limited common expenses incurred to maintain these areas, as provided in the Declaration.

16. No Memberships. Nothing herein contained, nor any advertising or other documentation in connection with the Project shall be construed as obligating Seller or any other person to develop any land other than the Land, or to construct any improvements, including any recreational facilities, other than the improvements described in the Declaration; nor as granting to buyer any membership, privileges, or other interest in any entity, club, clubhouse, country club, golf course, tennis club or other facility (recreational or otherwise) other than the Association and the Wailea Community Association.

17. Model Units/Sales Information Center. Buyer understands and acknowledges that due to the discontinuation in the production of certain materials and for other reasons, some of the materials used in the model units, if any, for the Project and certain methods of construction used for the model units, if any, for the Project may differ from the materials and methods of construction used in the buildings in the Project, including the building in which the Apartment is located. Buyer further understands and acknowledges that the model units, if any, and advertising collateral materials such as

brochures, displays, and renderings are for the purpose of assisting the buyer in visualizing the floor plan of the Apartment buyer is purchasing and may not be an exact replica of the apartments or the buildings being built within the Project. Buyer also understands and acknowledges that the advertising collateral materials, model units, if any, etc., contain numerous upgrades, options and decorator items not included with the Apartment being purchased by buyer or the building in which such Apartment is located. Without limiting the generality of the foregoing, the model units, if any, may contain such features as gutters, walkways, wallpaper, chandeliers, and other finishes or furniture that would not be included in the Apartment buyer is purchasing. Buyer also understands and acknowledges that the model units, if any, and sales information center within or outside the Project, may be used for sales of apartments within this and other projects, and may continue for many years into the future. Buyer understands and acknowledges that sales activities may include signs, extensive sales displays, public events, activities and site visits.

18. Access Prior to Closing. Buyer shall coordinate all visits to the Project prior to Closing with Seller so as to minimize disruption of Seller's construction activities and the risk of injury or damage. Buyer agrees to remain outside of any fenced or posted construction areas, and any other areas of the Project in which work is being performed, and to prohibit entry into such areas by members of buyer's household and by buyer's tenants and guests. Violation of this provision shall be deemed a material breach of the Sales Agreement, and, in addition to any other remedy Seller has for buyer's breach of the Sales Agreement, including loss of buyer's deposits as liquidated damages, buyer agrees Seller may remove buyer by any available legal means. This promise will survive Closing.

19. Entry Gate. Buyer understands and acknowledges that Seller may install a gate ("Entry Gate") at the entrance of the Project; however, if Seller elects not to install an Entry Gate or is not permitted by governmental authorities or others to install an Entry Gate, the Declaration will provide that the Association, through the Board, and without the approval, consent or joinder of any apartment owner, shall have the right to install an Entry Gate. Accordingly, if the Project initially does not contain an Entry Gate, an Entry Gate may be installed in the future if the Association elects to do so and obtains the necessary permits and approvals.

20. Security. Buyer understands and agrees that neither Seller nor the Association shall be considered in any way an insurer or guarantor of security within the Project and buyer agrees not to hold the Seller or the Association liable for any loss or damage buyer or anyone else may suffer by reason of a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. Buyer agrees to assume all risk of injury, loss or damage that may arise due to a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the

Project. Buyer understands, acknowledges and agrees that neither Seller nor the Association has made any representations or warranties, either express or implied, about any security measures at the Project and buyer has not relied upon any such representations or warranties.

21. Use of Non-Potable Water. Buyer understands and acknowledges that the Project may be supplied with both potable and non-potable water lines and that irrigation of the landscaping within the Project may be with non-potable water. Buyer understands and acknowledges that non-potable water should not be consumed by people or animals, and that Seller shall not be responsible for any injuries caused to people or animals from the consumption of water from the non-potable water lines. Buyer shall be totally responsible for restricting buyer's children, guests and animals from consuming water from the non-potable lines. Buyer further understands and acknowledges that the use of non-potable water for irrigation purposes may be restricted and that buyer may be subject to fines or penalties for exceeding the allotted quantity of non-potable water.

22. Responsibility for Cost to Maintain Easement Areas. Drainage, flowage and sewage may be discharged from the Project over, under, across, upon and along properties in the vicinity of the Project, and utility lines may extend over, under, across, upon and along properties in the vicinity of the Project to the Project. Pursuant to Association of Apartment Owners of Wailea Elua v. Wailea Resort Company, Ltd., et. al., 100 Haw. 97, 58 P.3d 608, 2002 Haw. LEXIS 773 (2002), owners within the Project may be responsible for the cost and expense to repair and maintain drainpipes and other lines and equipment upon or adjoining or in connection with or for the use of the Project or any part thereof.

23. Mediation and Arbitration After Closing.

(a) Mediation. If closing occurs and any dispute or claim arises out of the Sales Agreement or in any way is connected with the design, development, construction, sale, marketing, financing, or any other activity or matter relating to the Property, between buyer and Seller (a "Dispute"), and the parties to such Dispute are unable to resolve the Dispute through negotiation, buyer and Seller each agree first to attempt in good faith to settle such Dispute by non-binding mediation conducted in Honolulu, Hawaii. The mediation shall be conducted under the Commercial Mediation Rules of the American Arbitration Association ("AAA") except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single mediator instead of having a mediator appointed by AAA, and the parties may agree to use a recognized mediation service other than AAA. The costs for the mediator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the mediation. At Seller's option, the

mediation shall include any of Seller's agents, architects, consultants, engineers, contractors, subcontractors, suppliers, representatives or other third parties (the "Other ADR Parties") as parties.

(b) Arbitration. If closing occurs and the parties are unable to resolve the Dispute through mediation as provided in the preceding section within 30 calendar days after either party's written request to the other to commence the mediation process, then such Dispute shall be decided in Honolulu, Hawaii, by neutral binding arbitration. The arbitration shall be conducted before a single arbitrator acting under the Commercial Arbitration Rules of the AAA, except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single arbitrator instead of having an arbitrator appointed by AAA, and the parties may agree to use a recognized arbitration service other than AAA. Judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction thereof in accordance with Chapter 658A of the Hawaii Revised Statutes. The costs for such arbitrator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the arbitration. No punitive damages shall be awarded in any Dispute involving buyer, Seller or any Other ADR Parties. At Seller's option, the arbitration shall include any of the Other ADR Parties as parties.

(c) Conflict. In the event of any conflict or inconsistency between this section and any applicable law or the provisions of any applicable warranty, applicable law and the provisions of any applicable warranty, in that order, shall prevail and control over this section.

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

CONDOMINIUM PUBLIC REPORT ON
KAI MALU AT WAILEA – PHASE I

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

Copies of the escrow agreement (the "Escrow Agreement") between the Seller and First American Title Company, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement shall be deposited, as directed by Seller, in an interest-bearing account in a federally insured bank or savings and loan institution authorized to do business in the State of Hawaii, and all income therefrom and interest paid thereon shall be credited to the account of Seller, pursuant to agreement between Seller and buyer as set forth in the Sales Agreement.

2. BUYER'S DEPOSITS MAY BE DISBURSED PRIOR TO CLOSING TO PAY FOR CONSTRUCTION COSTS OF THE BUILDINGS IN THE PROJECT AND ARCHITECTURAL, ENGINEERING, FINANCE AND LEGAL FEES AND OTHER INCIDENTAL EXPENSES OF THE PROJECT IF CERTAIN CONDITIONS ARE MET.

3. Disbursements from the buyer's escrow funds shall be made by Escrow in accordance with the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.