

CONDOMINIUM PUBLIC REPORT

Prepared & issued by: Developer: WS Kai Makani, Inc.
Address: 5690 DTC Blvd., Suite 280 W
Englewood, Colorado 80111

Project Name(*): KAI MAKANI
Address: S. Kihei Rd., Kihei, Maui, Hawaii 96753

Registration No. 5493 Effective date: November 9, 2004
Expiration date: August 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 governmental agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the: Preliminary Pubic 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.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

STATUTORY NOTICE

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

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

The developer is not required to submit but has for this registration submitted the following documents and information: None.

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines on the Condominium Map bounding each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.

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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: WS Kai Makani, Inc. Phone: (303) 689-7000
 Name* (Business)
5690 DTC Blvd., Suite 280 W
Englewood, Colorado 80111
 Business Address

Name 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):

Richard Marcus, President and Director, and Brian Thorsen, Vice President, Secretary, Treasurer and Director

Real Estate Broker* Valley Real Estate Company, Inc. Phone: (808) 879-3322
 Name (Business)
P. O. Box 89, 1279 S. Kihei Rd. #107
Kihei, Maui, Hawaii 96753
 Business Address

Escrow: Old Republic Title & Escrow of Hawaii, Ltd. Phone: (808) 875-6950
 Name (Business)
380 Huku Li'i Place, Suite 206
Kihei, Maui, Hawaii 96753
 Business Address

General Contractor*: Not yet selected Phone: _____
 Name (Business)

 Business Address

Condominium Managing Agent*: Management Consultants of Hawaii, Inc. Phone: (808) 667-7608
 Name (Business)
P. O. Box 1039
Lahaina, Maui, Hawaii 96761
 Business Address

Attorney for Developer: Thomas D. Welch, Jr. Phone: (808) 871-8351
Mancini, Welch & Geiger LLP (Business)
 Name
33 Lono Avenue, Suite 470
Kahului, Maui, Hawaii 96732
 Business Address

* 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 interest, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-204231
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:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3849
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-204232
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. Developer:

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

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

See Exhibit "A" attached hereto.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- 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 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 buildings(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 the 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: S. Kihei Road Tax Map Key (TMK): (2) 3-9-41: 2, 3, 26 and 38
Kihei, Maui, Hawaii 96753

Address TMK is expected to change because a street number will be assigned when the building is constructed.

Land Area: 9.00 square feet acre(s) Zoning: Apartment

Fee Owner: Cathy Associates, LLC and
Mary Associates, LLC
 Name
5690 DTC Blvd., Suite 280 S
Englewood, Colorado 80111
 Address

Lessor: Not applicable
 Name

 Address

Note: The Developer holds the property pursuant to a recorded Purchase Agreement for Real Property, dated September 8, 2004, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-204234. Developer shall acquire fee simple title before the Final Public Report is issued.

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 22 Floors Per Building 2

Exhibit D contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other glass and tile

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>112</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Ohana	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Industrial	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Recreational	<u>0</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Other:	<u>0</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: Caged animals and two (2) dogs or cats are permitted, subject to certain restrictions.

Number of Occupants: _____

Other: No commercial use, time sharing or rentals for less than six (6) months are permitted. There are restrictions on exterior alterations to apartments. There are restrictions on nuisances.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 22 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>10</u>	<u>2/2</u>	<u>811</u>	<u>177</u>	<u>lanai</u>
<u>B</u>	<u>20</u>	<u>2/2</u>	<u>823</u>	<u>158</u>	<u>lanai</u>
<u>C</u>	<u>14</u>	<u>2/2</u>	<u>1,075</u>	<u>232</u>	<u>lanai</u>
<u>D</u>	<u>28</u>	<u>2/2</u>	<u>1,126</u>	<u>184</u>	<u>lanai</u>
<u>E</u>	<u>40</u>	<u>3/2</u>	<u>1,238</u>	<u>139</u>	<u>lanai</u>

Total Number of Apartments: 112

***Net Living Area is the floor area at 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: 255

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>0</u>	<u>112</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>143</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>255</u>
Extra for Purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>255</u>		<u>0</u>		<u>0</u>		<u>255</u>

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

- Commercial parking garage permitted in condominium project.
- Exhibit ____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: Clubhouse; trash enclosures; central mailbox facility.

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____.
- (Date)

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

Not applicable.

11. Conformance to Present Zoning Code.

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

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

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

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

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

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

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

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

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

described in Exhibit _____.

as follows: (a) The property in fee simple; (b) All elements of each building which are not owned by the owner of any apartment, including but not limited to, all foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roof structures (including without limitation, all attic spaces, roof joists, sheathing and roofing materials), which are located outside the apartment, and all pumps, ducts, pipes, wires, conduits or other utility service lines which are utilized for or serve more than one apartment, and generally all equipment, apparatus, installations, fixtures and personal property existing for common use in the buildings or located on the land; (c) All pipes, wires, ducts, conduits or other utility service lines running through any apartment which are utilized by or serve more than one apartment; (d) All roads, driveways and other common ways; all parking spaces and areas; all trees; landscaping, grounds, exterior irrigation systems, fences, gates, retaining walls; all trash enclosures; the central mailbox facilities; and all accessory equipment areas located on the land or in any building; (e) All distribution systems for water, sewer and utility services which serve more than one apartment and which are not owned by the County of Maui or any public utility (and including use meters, if any, whether or not located within the apartment); (f) The railings and supporting columns of all lanais; and (g) All finished surfaces which the Association shall have the responsibility to maintain as a common expense under Section 5.4 of the Declaration.

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

There are no limited common elements in this project.

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

described in Exhibit ____.

as follows: The developer shall assign storage lockers to individual apartments as limited common elements by the deed conveying each apartment to its first buyer. There are only eighty-two (82) storage lockers and some apartments will not have one.

The developer shall also assign one (1) parking space to each apartment as a limited common element. Additional spaces may be assigned by the developer or the Board of Directors.

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

described in Exhibit D .

as follows:

- E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit E describes the encumbrances against the title contained in the title report dated September 16, 2004 and issued by Old Republic Title Corporation.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage dated August 18, 2004, recorded as Document No. 2004-176309, in favor of First Hawaiian Bank in the principal amount of \$2,970,000.00	Buyer may lose his or her unit but buyer's deposit to be refunded less any escrow cancellation fees. All mortgage liens will be paid out of the proceeds of the sale of each apartment and each apartment will be released from the mortgage at that time.

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 the Disclosure Abstract (Exhibit H).

2. Appliances:

See Section 3 of the Disclosure Abstract (Exhibit H).

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

Construction has not yet been started. Estimated Date of Completion shall be provided in the Final Public Report.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

C. **Utility Charges for Apartments:**

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

None Electricity (Common Elements only _____ Common Elements and Apartments)
 Gas (_____ Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

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

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

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated September 22, 2004
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Disclosure Abstract (Exhibit H attached hereto)

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: Unilateral Agreement and Declaration of Conditional Zoning recorded as Document No. 90-190094; Restrictive covenant in Land Patent Grant 11,492; Easement to the County of Maui recorded in Liber 18195 on Page 12; and Sight Distance Easement recorded as Document No. 96-020098.
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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. 5493 filed with the Real Estate Commission on October 13, 2004.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

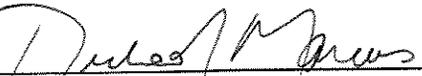
C. **Additional Information Not Covered Above**

1. Water. The condominium is served by a single water meter. Cost of water service to each apartment shall be assessed to each apartment as a common expense or by the Kai Makani Association based upon actual use as measured by submeters, or upon some other allocation method which shall be reasonably determined by the Board of Directors to be fair and equitable.
2. Sewer. The condominium shall be served by the County's public sewer system. Sewer fees shall be assessed with the water use charges discussed above.
3. Flood Zone. Portions of the project are located within Flood Zones "V-18", "AO" and "C" as designated by the Federal Emergency Management Agency's Flood Insurance Rate Map. Zone "V-18" is defined as those areas where 100-year flooding events are likely from coastal waves and flooding. Zone "AO" is defined as those areas where 100-year flooding events are likely to a depth of one (1) to three (3) feet from coastal waves and storm water runoff. Zone "C" is defined as areas of minimal flooding risk. All buildings conform to the design and construction requirements of the Flood Hazard Zone under Chapter 19 of the Maui County Code.

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.

WS KAI MAKANI, INC.
Printed Name of Developer

WS KAI MAKANI, INC.

By: 
Duly Authorized Signatory

Date: 9/22/04

RICHARD MARCUS, 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.**

EXHIBIT "A"

RIGHTS RESERVED BY DEVELOPER

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

1. Reserved Rights to Alter Apartments. The Developer has reserved the right to make minor alterations in apartments to resolve construction problems in the field, make minor alterations to reflect construction tolerances and to substitute materials and finishes with equivalent materials and finishes.

Further, the Developer reserves the right in the Deposit Receipt and Sales Contract to make substantial changes to the apartment, and if Purchaser does not agree with such changes, the Purchaser's sole remedy shall be to terminate the Deposit Receipt and Sales Contract and receive a full refund of the deposit.

2. Reserved Rights of Developer to Use the Common Elements and to Grant Easements. Under Section 6 of the Declaration the Developer has reserved several rights to occupy and use the common elements of the Project for various purposes, including the construction of the Project, conducting sales operations, general ingress and egress and utility services. Also, Section 6 provides that the Developer has reserved the right in the future to designate, grant and relocate easements for access, utility services and drainage over the condominium Land as needed in connection with the development of the Project and also to benefit or assist in the development of adjacent and nearby lands, regardless of whether or not they are owned by Developer.

3. Consent to Developer's Reserved Rights and Developer's Authority to Act For Owners and Others. Under Section 18 of the Declaration, each and every person acquiring an interest in the Project, by such acquisition, consents to the Developer's exercise of all of its reserved rights and to the execution, delivery and recording of all documents necessary to implement or exercise these rights including all easements affecting the condominium Land, all amendments to the Condominium Declaration, Bylaws or Condominium Map and other documents. These reserved rights may be exercised without the consent or joinder of any person holding an interest in an apartment of the Project. If the joinder or consent of any such person shall be required by law or any other document, each such person appoints the Developer as his, her or their attorney-in-fact to execute any such document on behalf of such owner as attorney-in-fact.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL GUIDE, THE PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. THE PURCHASER SHOULD CONSULT WITH HIS, HER OR ITS ATTORNEY CONCERNING THESE RIGHTS AND THEIR EXERCISE.

IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION SHALL CONTROL.

END OF EXHIBIT "A"

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

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

The boundaries of each apartment include (i) all the walls, partitions and components thereof which are not load-bearing within its perimeter walls; (ii) all non-load bearing, non-structural interior components of the apartment's perimeter and party walls; (iii) the interior decorated or finished surfaces and all load bearing walls, floors and ceilings, including all plasterboard components and floor coverings; (iv) all doors and windows with associated frames which are located along the perimeters; (v) all fixtures originally installed in the apartment; (vi) all pipes, plumbing, wiring, fixtures, outlets and switches located within or which serve only that apartment; and (vii) the apartment's attached, covered lanai.

Concerning measurements and floor area, the net living areas set forth in the Declaration and Exhibit "C" are based on measurements taken from the interior surface of all perimeter walls, but no reduction is made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls. The stated areas of covered lanais are based on measurements taken from the exterior surface of each wall which separates the interior living areas of the apartments from the lanai or porch and the exterior edge of the floor or concrete slab of the lanai.

All stated dimensions and areas are approximate in nature. Actual floor areas and dimensions upon completion of construction may vary as a result of reasonable construction tolerances and changes, which do not materially adversely affect the value of the apartment.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL GUIDE, THE PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. THE PURCHASER SHOULD CONSULT WITH HIS, HER OR ITS ATTORNEY CONCERNING THESE RIGHTS AND THEIR EXERCISE.

IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION SHALL CONTROL.

END OF EXHIBIT "B"

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS

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

1. General Provisions. Reference is made to Exhibit "A" for a description of certain rights reserved by the Developer to alter apartments. Also the Declaration provides for the restoration and replacement of the Project or any portion thereof, and the construction of additional improvements in certain cases where the Project has been damaged by fire or other casualty or by eminent domain taking. Refer to Articles 14 and 15 of the Declaration.

2. Additions or Alterations Solely Within an Apartment or Limited Common Element. Section 8(f) of the Declaration permits each owner to make certain interior, non-structural changes to the apartment provided that such changes do not jeopardize the soundness or safety of any portion of the Project, reduce its value, or adversely affect other apartments or the use and enjoyment of the common elements by others.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL GUIDE, THE PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. THE PURCHASER SHOULD CONSULT WITH HIS, HER OR ITS ATTORNEY CONCERNING THESE RIGHTS AND THEIR EXERCISE.

IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION SHALL CONTROL.

END OF EXHIBIT "C"

EXHIBIT "D"

APARTMENT NUMBERS AND TYPES; NUMBERS OF BEDROOMS AND BATHROOMS; APPROXIMATE NET LIVING AREA OF APARTMENTS; APPROXIMATE NET SQUARE FOOTAGE OF LANAIS; AND PERCENTAGE OF COMMON INTEREST; LOCATION, LAYOUT AND OTHER APARTMENT INFORMATION

KAI MAKANI CONDOMINIUM PROJECT						
CHART 1						
Apartment Number	Apartment Type	Number of Bedrooms / Baths	Net Living Area	Net Square Footage of Lanai	Percentage of Common Interest	
A101	D	2 / 2	1126	184	0.94%	
A102	C	2 / 2	1075	232	0.94%	
A103	D	2 / 2	1126	184	0.94%	
A201	D	2 / 2	1126	184	0.94%	
A202	C	2 / 2	1075	232	0.94%	
A203	D	2 / 2	1126	184	0.94%	
B101	E	3 / 2	1238	139	0.99%	
B102	E	3 / 2	1238	139	0.99%	
B201	E	3 / 2	1238	139	0.99%	
B202	E	3 / 2	1238	139	0.99%	
C101	D	2 / 2	1126	184	0.94%	
C102	C	2 / 2	1075	232	0.94%	
C103	D	2 / 2	1126	184	0.94%	
C201	D	2 / 2	1126	184	0.94%	
C202	C	2 / 2	1075	232	0.94%	
C203	D	2 / 2	1126	184	0.94%	
D101	E	3 / 2	1238	139	0.99%	
D102	E	3 / 2	1238	139	0.99%	
D201	E	3 / 2	1238	139	0.99%	
D203	E	3 / 2	1238	139	0.99%	
E101	B	2 / 2	823	158	0.70%	
E102	A	2 / 2	811	177	0.70%	
E103	B	2 / 2	823	158	0.70%	
E201	B	2 / 2	823	158	0.70%	
E202	A	2 / 2	811	177	0.70%	
E203	B	2 / 2	823	158	0.70%	
F101	E	3 / 2	1238	139	0.99%	
F102	E	3 / 2	1238	139	0.99%	
F201	E	3 / 2	1238	139	0.99%	
F203	E	3 / 2	1238	139	0.99%	

EXHIBIT "D"

APARTMENT NUMBERS AND TYPES; NUMBERS OF BEDROOMS AND BATHROOMS; APPROXIMATE NET LIVING AREA OF APARTMENTS; APPROXIMATE NET SQUARE FOOTAGE OF LANAIS; AND PERCENTAGE OF COMMON INTEREST; LOCATION, LAYOUT AND OTHER APARTMENT INFORMATION

KAI MAKANI CONDOMINIUM PROJECT						
CHART 1						
Apartment Number	Apartment Type	Number of Bedrooms / Baths	Net Living Area	Net Square Footage of Lanai	Percentage of Common Interest	
G101	E	3 / 2	1238	139	0.99%	
G102	E	3 / 2	1238	139	0.99%	
G201	E	3 / 2	1238	139	0.99%	
G203	E	3 / 2	1238	139	0.99%	
H101	E	3 / 2	1238	139	0.99%	
H102	E	3 / 2	1238	139	0.99%	
H201	E	3 / 2	1238	139	0.99%	
H203	E	3 / 2	1238	139	0.99%	
I101	B	2 / 2	823	158	0.70%	
I102	A	2 / 2	811	177	0.70%	
I103	B	2 / 2	823	158	0.70%	
I201	B	2 / 2	823	158	0.70%	
I202	A	2 / 2	811	177	0.70%	
I203	B	2 / 2	823	158	0.70%	
J101	B	2 / 2	823	158	0.70%	
J102	A	2 / 2	811	177	0.70%	
J103	B	2 / 2	823	158	0.70%	
J201	B	2 / 2	823	158	0.70%	
J202	A	2 / 2	811	177	0.70%	
J203	B	2 / 2	823	158	0.70%	
K101	E	3 / 2	1238	139	0.99%	
K102	E	3 / 2	1238	139	0.99%	
K201	E	3 / 2	1238	139	0.99%	
K203	E	3 / 2	1238	139	0.99%	
L101	D	2 / 2	1126	184	0.94%	
L102	C	2 / 2	1075	232	0.93%	
L103	D	2 / 2	1126	184	0.94%	
L201	D	2 / 2	1126	184	0.94%	
L202	C	2 / 2	1075	232	0.93%	
L203	D	2 / 2	1126	184	0.94%	

EXHIBIT "D"

APARTMENT NUMBERS AND TYPES; NUMBERS OF BEDROOMS AND BATHROOMS; APPROXIMATE NET LIVING AREA OF APARTMENTS; APPROXIMATE NET SQUARE FOOTAGE OF LANAIS; AND PERCENTAGE OF COMMON INTEREST; LOCATION, LAYOUT AND OTHER APARTMENT INFORMATION

KAI MAKANI CONDOMINIUM PROJECT						
CHART 1						
Apartment Number	Apartment Type	Number of Bedrooms / Baths	Net Living Area	Net Square Footage of Lanai	Percentage of Common Interest	
M101	E	3 / 2	1238	139	0.99%	
M102	E	3 / 2	1238	139	0.99%	
M201	E	3 / 2	1238	139	0.99%	
M203	E	3 / 2	1238	139	0.99%	
N101	D	2 / 2	1126	184	0.94%	
N102	C	2 / 2	1075	232	0.93%	
N103	D	2 / 2	1126	184	0.94%	
N201	D	2 / 2	1126	184	0.94%	
N202	C	2 / 2	1075	232	0.93%	
N203	D	2 / 2	1126	184	0.94%	
O101	D	2 / 2	1126	184	0.94%	
O102	C	2 / 2	1075	232	0.93%	
O103	D	2 / 2	1126	184	0.94%	
O201	D	2 / 2	1126	184	0.94%	
O202	C	2 / 2	1075	232	0.93%	
O203	D	2 / 2	1126	184	0.94%	
Q101	B	2 / 2	823	158	0.70%	
Q102	A	2 / 2	811	177	0.70%	
Q103	B	2 / 2	823	158	0.70%	
Q201	B	2 / 2	823	158	0.70%	
Q202	A	2 / 2	811	177	0.70%	
Q203	B	2 / 2	823	158	0.70%	
R101	E	3 / 2	1238	139	0.99%	
R102	E	3 / 2	1238	139	0.99%	
R201	E	3 / 2	1238	139	0.99%	
R203	E	3 / 2	1238	139	0.99%	
S101	D	2 / 2	1126	184	0.94%	
S102	C	2 / 2	1075	232	0.93%	
S103	D	2 / 2	1126	184	0.94%	
S201	D	2 / 2	1126	184	0.94%	
S202	C	2 / 2	1075	232	0.94%	
S203	D	2 / 2	1126	184	0.94%	

EXHIBIT "D"

APARTMENT NUMBERS AND TYPES; NUMBERS OF BEDROOMS AND BATHROOMS; APPROXIMATE NET LIVING AREA OF APARTMENTS; APPROXIMATE NET SQUARE FOOTAGE OF LANAIS; AND PERCENTAGE OF COMMON INTEREST; LOCATION, LAYOUT AND OTHER APARTMENT INFORMATION

KAI MAKANI CONDOMINIUM PROJECT						
CHART 1						
Apartment Number	Apartment Type	Number of Bedrooms / Baths	Net Living Area	Net Square Footage of Lanai	Percentage of Common Interest	
T101	E	3 / 2	1238	139	0.99%	
T102	E	3 / 2	1238	139	0.99%	
T201	E	3 / 2	1238	139	0.99%	
T203	E	3 / 2	1238	139	0.99%	
U101	D	2 / 2	1126	184	0.94%	
U102	C	2 / 2	1075	232	0.93%	
U103	D	2 / 2	1126	184	0.94%	
U201	D	2 / 2	1126	184	0.94%	
U202	C	2 / 2	1075	232	0.94%	
U203	D	2 / 2	1126	184	0.94%	
V101	B	2 / 2	823	158	0.70%	
V102	A	2 / 2	811	177	0.70%	
V103	B	2 / 2	823	158	0.70%	
V201	B	2 / 2	823	158	0.70%	
V202	A	2 / 2	811	177	0.70%	
V203	B	2 / 2	823	158	0.70%	
W101	E	3 / 2	1238	139	0.99%	
W102	E	3 / 2	1238	139	0.99%	
W201	E	3 / 2	1238	139	0.99%	
W203	E	3 / 2	1238	139	0.99%	
TOTAL			120,668	18,890	100%	

EXHIBIT "D"

Descriptions of Buildings: There are three types of buildings containing apartments: Type 1, Type 2 and Type 3. Each building is constructed of concrete, wood, glass, tile and related materials. The buildings containing apartments are lettered consecutively A through W and located as shown on the Condominium Map. Building P is the common clubhouse. Buildings X, Y and Z are storage locker structures.

(a) Type 1 Buildings. There are five Type 1 buildings, buildings lettered E, I, J, Q and V, as shown on the plan. Each Type 1 building contains six apartments, including two Type A apartments and four Type B apartments. Each Type 1 building has two stories with one Type A apartment and two Type B apartments on each floor. Each Type 1 building has a ground floor entry porch and a second floor entry porch and an exterior stairway to provide access to second floor apartments.

(b) Type 2 Buildings. There are ten Type 2 buildings, buildings lettered B, D, F, G, H, K, M, R, T and W, as shown on the plan. Each Type 2 building contains four Type E apartments. Each Type 2 building has two stories with two Type E apartments on each floor. Each Type 2 building has a ground floor entry porch and a second floor entry porch and an exterior stairway to provide access to second floor apartments.

(c) Type 3 Buildings. There are seven Type 3 buildings, buildings lettered A, C, L, N, O, S and U, as shown on the plan. Each Type 3 building contains six apartments, including two Type C apartments and four Type D apartments. Each Type 3 building has two stories with one Type C apartment and two Type D apartments on each floor. Each Type 3 building has a ground floor entry porch and a second floor entry porch and an exterior stairway to provide access to second floor apartments.

Locations of Apartments: In each building, each apartment bears a letter and a number: the letter is the letter of the building and the number is the number of the apartment itself. The first number of each apartment denotes the floor which it is located on, so that each apartment numbered 101, 102 or 103 is located on the ground floor and each apartment numbered 201, 202 or 203 is located on the second floor. Apartments are numbered from left to right as you face the side of the building on which the entry porches are located so that the apartments on the left side are numbered 101 (ground floor) and 201 (second floor). To the right of those apartments the apartments are numbered 102 on the

ground floor and 202 on the second floor. In each Type 1 building and Type 3 building, there are two additional units on the far right, numbered 103 on the ground floor and 203 on the second floor. The locations of all apartments are shown on that portion of the Condominium Map labeled "Address Plan".

Layouts of Apartments: The apartment layouts are according to the apartment type as designated in the second column of the preceding chart. Apartments in each type are laid out as follows:

(a) Type A: Each Type A apartment contains two bedrooms, two baths, a kitchen, living/dining area and lanai, and has a net living area of 856 square feet, a lanai area of 177 square feet and a total area of 1,033 square feet.

(b) Type B: Each Type B apartment contains two bedrooms, two baths, a kitchen, living/dining area and lanai, and has a net living area of 866 square feet, a lanai area of 158 square feet and a total area of 1,024 square feet. The Type B apartments numbered 103 and 203 are the mirror image of the Type B apartments bearing the numbers 101 and 201.

(c) Type C: Each Type C apartment contains two bedrooms, two baths, a kitchen, living/dining area and lanai, and has a net living area of 1,128 square feet, a lanai area of 232 square feet and a total area of 1,360 square feet.

(d) Type D: Each Type D apartment contains two bedrooms, two baths, a kitchen, living/dining area and lanai, and has a net living area of 1,176 square feet, a lanai area of 184 square feet and a total area of 1,360 square feet. The Type D apartments numbered 103 and 203 are the mirror image of the Type D apartments bearing the number 101 and 201.

(e) Type E: Each Type E apartment contains three bedrooms, two baths, a kitchen, living/dining area and lanai, and has a net living area of 1,299 square feet, a lanai area of 139 square feet and a total are of 1,438 square feet. The Type E apartments numbered 102 and 202 are the mirror image of the Type E apartments bearing the number 101 and 201.

END OF EXHIBIT "D"

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

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

2. AS TO PARCEL FIRST:

(A) That certain Unilateral Agreement and Declaration for Conditional Zoning dated November 22, 1990, recorded December 13, 1990 in the Bureau of Conveyances of the State of Hawaii as Document No. 90-190094.

(B) Restrictive conditions as contained in Land Patent Grant No. 11,492, to which reference is hereby made.

(C) Grant of Easement dated June 8, 1984, recorded in the said Bureau of Conveyances in Liber 18195 on Page 12, in favor of County of Maui, a political subdivision of the State of Hawaii, granting a perpetual non-exclusive easement to construct, reconstruct, maintain, operate, repair and remove a sanitary sewer line or lines, etc., over and across the following described parcel of land:

SEWER LINE EASEMENT 1, AFFECTING LOT 18 OF
WAIAKOA HOUSELOTS, T.M.K. 3-9-41:2

All of that certain parcel of land being a portion of Grant 11492 to Harold M. Baldwin, situate at Waiakoa (Kihei), Kula, Makawao, Hawaii.

Beginning at the Southwesterly corner of this easement, said point being also the Southwesterly corner of said Grant 11492, and on the Easterly side of South Kihei Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU 0 KALI" being:

14,983.00 feet North
24,950.49 feet West

and running by azimuths measured clockwise from true South:

1. 164° 47' 30" 7.50 feet along the Easterly side of South Kihei Road;
2. 254° 47' 30" 273.93 feet along the remainder of said Grant 11,492;

3. 252° 44' 00" 87.79 feet along the remainder of said Grant 11,492;
4. 359° 06' 00" 10.99 feet along Grant 7108 to Leialoha;
5. 74° 47' 30" 358.95 feet along Grant 12,958 to Frank A. F. Kong to the point of beginning and containing an area of 2,835 square feet, more or less.

3. AS TO PARCEL SECOND:

(A) That certain Unilateral Agreement and Declaration for Conditional Zoning dated November 22, 1990, recorded December 13, 1990 in the said Bureau of Conveyances as Document No. 90-190094.

(B) Restrictive conditions as contained in Land Patent Grant No. 11,293, to which reference is hereby made.

4. AS TO PARCEL THIRD:

(A) That certain Unilateral Agreement and Declaration for Conditional Zoning dated November 22, 1990, recorded December 13, 1990 in the said Bureau of Conveyances as Document No. 90-190094.

(B) The terms and provisions, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, contained in Sight Distance Easement dated January 23, 1996, recorded February 14, 1996 in the said Bureau of Conveyances as Document No. 96-020098.

5. Any matters which would be shown by a modern metes and bounds survey, including any possible encroachments or discrepancies in boundaries or area.

6. Mortgage to secure an indebtedness of \$2,970,000.00 made by Cathy Associates, LLC, a Colorado limited liability company, and Mary Associates, LLC, a Colorado limited liability company, "Mortgagor", and Brian Thorsen and Richard Marcus, "Guarantor", First Hawaiian Bank, a Hawaii corporation, "Mortgagee", dated August 18, 2004, recorded August 27, 2004 in the said Bureau of Conveyances as Document No. 2004-176309.

7. Any claim of lien for services, labor or material arising from an improvement or work under construction or completed at the date hereof.

8. Condominium Map No. 3849, filed in the said Bureau of Conveyances.

9. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by laws set forth in the Declaration of Condominium Property Regime, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons dated September 28, 2004, recorded October 5, 2004 in the said Bureau of Conveyances as Document No. 2004-204231.

NOTE: Joinder in Condominium Documents dated September 20, 2004, executed by Cathy Associates, LLC, a Colorado limited liability company, and Mary Associates, LLC, a Colorado limited liability company, recorded October 5, 2004 in the said Bureau of Conveyances as Document No. 2004-204233.

Liens and charges for upkeep and maintenance as provided in the above mentioned Covenants, Conditions and Restrictions, if any, where no notice thereof appears on record.

10. By-Laws of the Association of Apartment Owners of Kai Makani dated September 22, 2004, recorded October 5, 2004 in the said Bureau of Conveyances as Document No. 2004-204232.

NOTE: Joinder in Condominium Documents dated September 20, 2004, executed by Cathy Associates, LLC, a Colorado limited liability company, and Mary Associates, LLC, a Colorado limited liability company, recorded October 5, 2004 in the said Bureau of Conveyances as Document No. 2004-204233.

11. Purchase Agreement for Real Property dated October 5, 2004, recorded in the said Bureau of Conveyances as Document No. 2004-204234, by and between Cathy Associates, LLC and Mary Associates, LLC, each a Colorado limited liability company, ("Seller") and WS Kai Makani, Inc., a Colorado corporation, ("Buyer").

EXHIBIT "F"

ESTIMATED MONTHLY MAINTENANCE FEES

KAI MAKANI CONDOMINIUM PROJECT						
CHART 2						
Apartment Number	Apartment Type	Total Net Square Ft. Living/Lanai	Common Interest Percentage	Est. Monthly Base Common Expense	Est. Monthly Reserve Contribution	Est. Total Monthly Assessment
A101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
A102	C	1,307	0.94%	\$302.95	\$31.75	\$334.71
A103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
A201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
A202	C	1,307	0.94%	\$302.95	\$31.75	\$334.71
A203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
B101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
B102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
B201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
B202	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
C101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
C102	C	1,307	0.94%	\$302.95	\$31.75	\$334.71
C103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
C201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
C202	C	1,307	0.94%	\$302.95	\$31.75	\$334.71
C203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
D101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
D102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
D201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
D203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
E101	B	981	0.70%	\$225.60	\$23.65	\$249.25
E102	A	988	0.70%	\$225.60	\$23.65	\$249.25
E103	B	981	0.70%	\$225.60	\$23.65	\$249.25
E201	B	981	0.70%	\$225.60	\$23.65	\$249.25
E202	A	988	0.70%	\$225.60	\$23.65	\$249.25
E203	B	981	0.70%	\$225.60	\$23.65	\$249.25
F101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
F102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
F201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
F203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51

EXHIBIT "F"

ESTIMATED MONTHLY MAINTENANCE FEES

KAI MAKANI CONDOMINIUM PROJECT						
CHART 2						
Apartment Number	Apartment Type	Total Net Square Ft. Living/Lanai	Common Interest Percentage	Est. Monthly Base Common Expense	Est. Monthly Reserve Contribution	Est. Total Monthly Assessment
G101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
G102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
G201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
G203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
H101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
H102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
H201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
H203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
I101	B	981	0.70%	\$225.60	\$23.65	\$249.25
I102	A	988	0.70%	\$225.60	\$23.65	\$249.25
I103	B	981	0.70%	\$225.60	\$23.65	\$249.25
I201	B	981	0.70%	\$225.60	\$23.65	\$249.25
I202	A	988	0.70%	\$225.60	\$23.65	\$249.25
I203	B	981	0.70%	\$225.60	\$23.65	\$249.25
J101	B	981	0.70%	\$225.60	\$23.65	\$249.25
J102	A	988	0.70%	\$225.60	\$23.65	\$249.25
J103	B	981	0.70%	\$225.60	\$23.65	\$249.25
J201	B	981	0.70%	\$225.60	\$23.65	\$249.25
J202	A	988	0.70%	\$225.60	\$23.65	\$249.25
J203	B	981	0.70%	\$225.60	\$23.65	\$249.25
K101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
K102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
K201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
K203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
L101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
L102	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
L103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
L201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
L202	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
L203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71

EXHIBIT "F"

ESTIMATED MONTHLY MAINTENANCE FEES

KAI MAKANI CONDOMINIUM PROJECT						
CHART 2						
Apartment Number	Apartment Type	Total Net Square Ft. Living/Lanai	Common Interest Percentage	Est. Monthly Base Common Expense	Est. Monthly Reserve Contribution	Est. Total Monthly Assessment
M101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
M102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
M201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
M203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
N101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
N102	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
N103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
N201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
N202	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
N203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
O101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
O102	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
O103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
O201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
O202	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
O203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
Q101	B	981	0.70%	\$225.60	\$23.65	\$249.25
Q102	A	988	0.70%	\$225.60	\$23.65	\$249.25
Q103	B	981	0.70%	\$225.60	\$23.65	\$249.25
Q201	B	981	0.70%	\$225.60	\$23.65	\$249.25
Q202	A	988	0.70%	\$225.60	\$23.65	\$249.25
Q203	B	981	0.70%	\$225.60	\$23.65	\$249.25
R101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
R102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
R201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
R203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
S101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
S102	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
S103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
S201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
S202	C	1,307	0.94%	\$302.95	\$31.75	\$334.71
S203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71

EXHIBIT "F"

ESTIMATED MONTHLY MAINTENANCE FEES

KAI MAKANI CONDOMINIUM PROJECT						
CHART 2						
Apartment Number	Apartment Type	Total Net Square Ft. Living/Lanai	Common Interest Percentage	Est. Monthly Base Common Expense	Est. Monthly Reserve Contribution	Est. Total Monthly Assessment
T101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
T102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
T201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
T203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
U101	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
U102	C	1,307	0.93%	\$299.73	\$31.42	\$331.15
U103	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
U201	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
U202	C	1,307	0.94%	\$302.95	\$31.75	\$334.71
U203	D	1,310	0.94%	\$302.95	\$31.75	\$334.71
V101	B	981	0.70%	\$225.60	\$23.65	\$249.25
V102	A	988	0.70%	\$225.60	\$23.65	\$249.25
V103	B	981	0.70%	\$225.60	\$23.65	\$249.25
V201	B	981	0.70%	\$225.60	\$23.65	\$249.25
V202	A	988	0.70%	\$225.60	\$23.65	\$249.25
V203	B	981	0.70%	\$225.60	\$23.65	\$249.25
W101	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
W102	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
W201	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
W203	E	1,377	0.99%	\$319.07	\$33.44	\$352.51
TOTAL		139,558	100%	\$32,229.00	\$3,378.00	\$35,607.00

EXHIBIT "G"

SUMMARY OF PURCHASE AGREEMENT

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

1. Lender Priority. Seller has given to and/or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual apartments. All of the rights and interests which Seller gives to the lender or lenders will have priority over the Buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The Buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of signed apartment deeds to the Buyers. If Seller's lender or lenders ask the Buyers to do so, the Buyers will sign other documents to confirm the promises and agreements mentioned above.

2. Buyer's Failure to Obtain Loan Approval. Seller may (but does not have to) cancel the Sales Agreement (a) if the Buyer's mortgage loan application is rejected or not approved within thirty (30) days after application, or (b) if the Buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the Buyer's ability to make the cash payments.

3. Warranties. The limited warranties are set forth. These are described in Exhibit "I" ("Disclosure Abstract") to this Public Report.

4. REPRESENTATIONS. 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 BYLAWS, 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.

5. Closing Costs. Buyer will pay the following closing costs: 100% of the escrow fee, all of Buyer's notary fees, all appraisal fees, all recording costs (except for documents to clear Seller's title), all charges for Buyer's credit report, all costs of preparing any mortgages and promissory notes, and Buyer's title insurance premium. Buyer will also pay all mortgage costs. Buyer will also pay a non-refundable start-up fee which will be held and used by the Seller and the first managing agent of the Association as a working capital fund for the benefit of all the apartment owners. Buyer agrees that Seller does not have to pay any start-up fee for any apartment in the Project, but Seller will cause all Buyers to pay the start-up fee when apartments are sold and closed in escrow. Proration of real property taxes will be made as of

the scheduled closing date. Proration of maintenance charges will be made as of the scheduled closing date or later at Seller's option.

6. Buyer's Default. If 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 in the Sales Agreement, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving to Buyer written notice of cancellation and Seller may keep all sums paid by Buyer under the Sales Agreement as liquidated damages. 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 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 lawyers' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of Buyer's default.

7. Seller's Default. If Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, Buyer may require Seller to go through with the Sales Agreement, or Buyer may cancel the Sales Agreement. 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 (unless Buyer is entitled to the interest pursuant to Section 2.2 or 8.3 of Exhibit "A" of the Sales Agreement).

BUYER AGREES THAT IF SELLER DEFAULTS UNDER THE SALES AGREEMENT AT ANY TIME, BUYER WILL ONLY HAVE THE RIGHTS MENTIONED IN THIS SECTION. BUYER GIVES UP ANY OTHER RIGHTS BUYER MIGHT OTHERWISE HAVE.

8. Certain Acknowledgments and Waivers by Buyer Concerning "Property Conditions". The Buyer acknowledges and agrees to the following (which are hereafter referred to as the "Property Conditions"):

(a) Agricultural, Commercial and Traffic Operations. All owners and occupants of apartments are hereby notified that certain lands nearby or abutting the Project are zoned to permit or require agricultural operations and the development and operation of public and commercial uses and that owners and occupants of the Project may be subject to noise, dust, odors, emissions, traffic and other nuisances in connection with such operations or the development, construction and operation of such facilities. Also, the Project abuts South Kihei Road, a busy thoroughfare. Developer (and its respective officers, directors, employees and agents of each) shall not have any liability or responsibility for any such noise, dust, odors,

emissions and nuisances. Each owner of an apartment, by taking title to said apartment, thereby waives all such rights and claims against Developer and others whose activities shall be creating or exacerbating such conditions.

(b) Development Operations. All owners and occupants of the Project are hereby notified that any or all of the apartments may be subject to noise, dust, emissions, traffic and other nuisances resulting from site grading, road building and construction of the Project, in the roads or common areas or on adjacent or nearby lands. The Developer and others performing such work shall not have any liability to the owners and occupants of any apartment for damages and inconvenience resulting from said operations. Each owner of an apartment, by taking title to said apartment, thereby waives all such rights and claims.

(c) Use of Reclaimed Wastewater. The grounds of the Project may be irrigated with reclaimed and treated wastewater produced by the Kihei sewage treatment plant operated by the County of Maui. Said water may be received by the Project's irrigation system in a condition which the County of Maui has undertaken to treat and provide in accordance with sound environmental management practices.

(d) 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 apartment outweigh the risks of 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 apartment and the Project, loss of market value of the apartment, and property damage or personal injury resulting from the Property Conditions, and Buyer, for the Buyer and Buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Project through the Buyer for any 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 apartment or the Project, loss of market value of said property, and property damage or personal injury arising from one or more of the Property Conditions. Buyer further covenants that Buyer will notify all Occupants and transferees of the apartment of the risks of the Property Conditions.

(e) Construction Deflection, Defects and Changes. During the course of construction of each building, certain apartment or garage floors may be subject to a small degree of "deflection" from construction and settling. Deflection is a condition whereby a floor is not perfectly flat. Deflection is typical in concrete construction. In this instance, such deflection, if not treated, might be noticeable to some people. Much of the practical effect of deflection can be mitigated through the use of floor coverings. Given the nature of the soil upon which the building is constructed, it is possible some further settling may occur. Deflection (and any anticipated additional settling) typically does not detract from the structural integrity of the building, and Seller is not responsible to correct such deficiencies.

Minor cracking, flaking or discoloration of concrete or drywall within the building floors, walls, ceilings and/or soffits and the parking areas, driveways and walkways are not covered by warranty, and Seller is not responsible to correct such deficiencies.

Seller reserves the right in its sole discretion to make non-substantial changes to the area, layout, materials or configuration of each apartment including but not limited to adjustments to meet construction tolerances and conditions, substitution of materials, equipment, appliances or details, and variations in color, brand, grade and dimensions. All such non-substantial changes shall be in compliance with applicable building standards and codes and shall be of equal or better quality and value.

Seller shall also have the right to make substantial changes, to the apartment in Seller's discretion and if any such change shall have been made without Buyer's consent, and if Buyer shall object to such changes, Buyer's sole remedy shall be to cancel this contract by written notice to Seller in which event all deposits shall be refunded to Buyer and Buyer and Seller shall have no further obligations or liabilities to each other under the sales contract.

(f) Other Rights. Seller has also reserved certain easement rights affecting the Project land and common elements for access and utility services in connection with the future development of lands in the vicinity of the Project.

9. Landscaping. Buyer understands and agrees that (i) Seller's obligation to provide landscaping within the common elements of the Project will be deemed fully satisfied upon planting of the plant materials (which need not be in full coverage and maturity) and installation of the irrigation system pursuant to Seller's landscaping plans, as the same may be amended from time to time in Seller's sole discretion; (ii) installation of the plant materials and irrigation system may be completed after the closing date; (iii) full maturity of the plant materials will only be reached over an extended period of time and Seller is not responsible for providing landscaping maintenance to reach full coverage and maturity; (iv) the Association of apartment owners of the Project will be responsible for maintaining the landscaping after installation thereof, even if the landscaping has not reached full coverage or maturity.

10. Project Termination and Changes. Developer reserves the right to terminate the Project and terminate all Sales Agreements prior to the transfer of a apartment title to a Buyer. Buyer shall be entitled to a refund of all moneys paid hereunder together with any interest as provided in Section 2.2 of the Sales Agreement. The parties shall then be released from all obligations and liabilities hereunder.

Also, Seller reserves the right to make changes to the Project as more particularly described in Section II.E.2 of the this report and Exhibit "A".

11. Contract Not Transferable. The Buyer agrees that Buyer may not transfer the Sales Agreement or any of Buyer's rights or interests under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

12. Conclusions and Summary. 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 THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

The Deposit Receipt and Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Deposit Receipt and Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a Public Report (either Preliminary or Final) for the Project prior to signing the Deposit, Receipt and Sales Contract.

(c) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(d) Requirements relating to the purchaser's financing of the purchase of an apartment.

(e) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(f) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project. Only the Developer's contractor makes construction warranties.

(g) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the sales price.

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

END OF EXHIBIT "G"

EXHIBIT "H"

CONDOMINIUM PUBLIC REPORT ON
KAI MAKANI

DISCLOSURE ABSTRACT

1. (a) PROJECT: Kai Makani
Kihei, Hawaii
- (b) DEVELOPER: WS Kai Makani, Inc.
5690 DTC Boulevard, Suite 280W
Englewood, Colorado 80111
- (c) REAL ESTATE BROKER: American International, LLC
1325 South Kihei Road
Kihei, Hawaii 96753
- (d) PROJECT MANAGER: Management Consultants of Hawaii, Inc.
P.O. Box 10039
Lahaina, Hawaii 96761

2. USE OF APARTMENTS:

- (a) Number of apartments in Project for residential use: 112
- (b) Proposed number of apartments in Project for hotel use: -0-
- (c) Extent of commercial or other non-residential development in Project: None

3. WARRANTIES:

Developer is referred to herein as "Seller".

(a) Inspection. Inspection of apartments for building defects and deficiencies will take place on dates and at times as determined by Seller upon the phased completion of construction. Buyer will receive written notice of the date and time of the inspection of Buyer's apartment prior to such inspection.

(b) Limited Warranty by Seller and Procedure For Inspection. If Buyer cooperates in the inspection program to be instituted by Seller and Buyer's apartment is inspected on the date and at the time specified by Seller, Seller warrants to Buyer that Seller shall exercise its best efforts to have all legitimate defects or damages listed by Buyer on the inspection sheet furnished by Seller corrected by the Seller's general contractor within a reasonable time thereafter. This warranty (called "Seller's Limited Warranty") shall survive the closing. Seller's Limited Warranty is conditioned on Buyer's full cooperation in making the inspection pursuant to Seller's inspection program. See Section 4.2 of Exhibit "A" of the Deposit Receipt and Sales Contract.

(c) Contractor's Warranty. The Seller will enter into an agreement with the general contractor for the Project whereby the general contractor will agree to provide, for the benefit of the Seller, the Buyer and the Association, the customary AIA warranty to correct any defects in workmanship or materials of which general contractor or Seller shall have received notice from Buyer within one (1) year after the date of substantial completion of each apartment (as such

terms are defined in the construction contract) (called the "Contractor's Warranty"). The Seller does not make this warranty but merely passes on the Contractor's Warranty to the Buyer and the Association. The Seller's obligations with respect to any defects (other than those listed on the inspection sheet described in Section (b) above) will be limited to assisting the Association or Buyer in presenting to the general contractor any claims based on such warranty; it being understood that such Contractor's Warranty is limited to defects reported in writing to the Seller or contractor within the first year following the phased dates of substantial completion of the work. In the event of the breach of any of the subcontractors', suppliers' or manufacturers' warranties, Buyer shall have no claim against Seller on account of such breach, but Buyer's sole remedy shall be against such subcontractors, suppliers and manufacturers.

(d) 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 AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER.

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

Attached to this Public Report as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by the Project Manager for the one-year period commencing January 1, 2007 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 is 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 Project Manager, 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 maintenance cost for each apartment contained in the Public Report does not include individual charges for twice-weekly trash removal, cable TV or any metered utilities or the Buyer's obligation for 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. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer may 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 thirty (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 any start-up fees or to pay for any cash reserves or other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

END OF EXHIBIT "H"

EXHIBIT 1

KAI MAKANI, KIHEI, MAUI, HAWAII

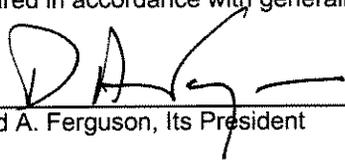
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

	<u>Monthly</u>	x 12 mos.	<u>Yearly</u>
Utilities:			
Electricity	2,360.00		28,320.00
TV Cable	2,688.00		32,256.00
Water - Potable	2,300.00		27,600.00
Water - Irrigation	3,130.00		37,560.00
Sewer Fees	3,013.00		36,156.00
Gas	160.00		1,920.00
Telephone & Communication	145.00		1,740.00
Totals	<u>13,796.00</u>		<u>165,552.00</u>
Maintenance:			
Buildings	210.00		2,520.00
Grounds Materials	200.00		2,400.00
Irrigation Maintenance & Repairs	75.00		900.00
Equipment Maintenance & Repair	180.00		2,160.00
Lighting - Repair & Maintenance	33.00		396.00
Pest Control (Qtrly Treatment)	475.00		5,700.00
Refuse Collection	1,150.00		13,800.00
Paint	45.00		540.00
Misc. Purchases	45.00		540.00
Fire Extinguisher Service	38.00		456.00
Totals	<u>2,451.00</u>		<u>29,412.00</u>
Administration:			
Office & Administration	375.00		4,500.00
Management Services	1,828.00		21,936.00
Vehicle Expenses	45.00		540.00
Association Meeting Expense	40.00		480.00
Legal Fees	100.00		1,200.00
Dues & Subscriptions	25.00		300.00
Audit, Cash Verification, Tax Prep.	180.00		2,160.00
Totals	<u>2,593.00</u>		<u>31,116.00</u>
Payroll & Benefits:			
Payroll - Site Manager	3,033.00		36,396.00
Payroll - Maintenance	2,427.00		29,124.00
Payroll - Vacation/Weekend Relief	80.00		960.00
FICA/Medicare	424.00		5,088.00
Worker's Compensation Insurance	416.00		4,992.00
State Unemployment Contribution	299.00		3,588.00
Federal Unemployment	14.00		168.00
Temporary Disability Insurance	54.00		648.00
Medical Insurance	737.00		8,844.00
Payroll Preparation Fee	125.00		1,500.00
Uniforms	32.00		384.00
Totals	<u>7,641.00</u>		<u>91,692.00</u>

Other Expenses:

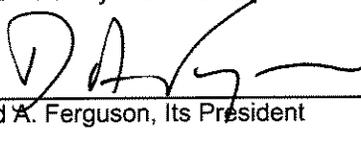
Property Insurance \$15,260,525	5,087.00	61,044.00
Comprehensive General Liability - \$1 million	350.00	4,200.00
Commercial Umbrella Liability - \$1 million	125.00	1,500.00
Directors & Officers Liability - \$1 million	117.00	1,404.00
Fidelity Insurance - \$100,000	50.00	600.00
Flood Insurance - Not Required	0.00	0.00
General Excise Tax	6.00	72.00
Taxes & Licenses	13.00	156.00
Totals	<u>5,748.00</u>	<u>68,976.00</u>
 TOTAL OPERATING EXPENSES:	 32,229.00	 386,748.00
 RESERVE ACCRUAL:	 <u>3,378.00</u>	 <u>40,536.00</u>
 GRAND TOTAL - ALL EXPENSES	 <u>35,607.00</u>	 <u>427,284.00</u>

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



 David A. Ferguson, Its President
 Date: July 17, 2004

I, David A. Ferguson, President of Management Consultants of Hawaii, Inc., the condominium managing agent for Kai Makani hereby certifies that a reserve study has not been conducted to support the Capital Reserve Contribution line item set forth above, as there is insufficient information available to conduct such study at this time. Although under Hawaii law a newly formed Association is not required to collect estimated replacement reserves until the fiscal year which begins after the Association's first annual meeting, the Association for this project will begin to collect reserve amounts upon closing of sales of apartments based upon the estimate set forth above. Purchasers should be aware that the amount collected for reserves may increase or decrease when the reserve study is conducted.



 David A. Ferguson, Its President
 Date: July 17, 2004

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Agreement will be held up by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Agreement.
- (d) After a Sales Agreement becomes final and binding after the issuance of the Final Public Report for the Project, Developer may withdraw Buyer's deposits to pay for Project construction costs.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Agreement. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

END OF EXHIBIT "I"