

**DEVELOPER'S PUBLIC REPORT  
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	KAPALUA BAY CONDOMINIUM
Project Address	1 Bay Drive, Lahaina Maui, Hawaii 96761
Registration Number	7512
Effective Date of Report	<b>June 27, 2014</b>
Developer(s)	Island Acquisitions Kapalua LLC

**Preparation of this Report**

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

---

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

## SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

### Project Overview

Purchasers who buy condominium units covered by this Public Report should know that existing hotel, timeshare and vacation club operations are a significant part of the Kapalua Bay Condominium project (the "Project"). Of the 151 total units in the Project, 82 units are currently part of the existing hotel, time share and vacation club operations, and 69 units are not part of those operations. As such, the units that are not part of the hotel, timeshare and vacation club operations (including the 56 units covered by this Public Report) constitute less than one-half of the total units in the Project. Further, through the Concession Agreement and the Condominium Management Agreement (both of which are discussed below and both of which will be in effect for many years), the Developer and the Hotel Operator, rather than the Association, will exercise considerable control over much of the Project's common areas.

### The Project is comprised of the following components:

- 84 Resort Apartments that have not been submitted to a timeshare plan
- 56 of these Resort Apartments are covered by this Public Report
- 13 of these Resort Apartments are owned by individual owners
- 15 of these Resort Apartments are owned by a company called Exclusive Resorts, LLC, and are currently being used as part of a "vacation ownership program" (see item 20 below)

- 62 Club Units, which are Resort Apartments that have been submitted to a timeshare plan
- 47 of the Club Units are timeshare units that are currently being used as hotel rooms
- 15 of the Club Units are timeshare units that are owned by individual owners and are not currently being used as hotel rooms

- 5 Commercial Apartments that are owned by the Developer and are used for various commercial purposes (see item 3 below)

1. **Units Covered by this Public Report.** This Developer's Public Report for a Condominium (this "Public Report") covers 56 of the "Resort Apartments" in the Project. The following Resort Apartments are covered by this Public Report:

1101, 1102, 1201, 1202, 1203, 1204, 1301, 1304, 1401, 1402, 1403, 1404, 1405, 1504, 1505, 1604, 1605, 2101, 2201, 2301, 2303, 2401, 2402, 2404, 2502, 2503, 2504, 2604, 2704, 5101, 5102, 5104, 5201, 5203, 5204, 5301, 5302, 5303, 5304, 5401, 5402, 5403, 5404, 5501, 5502, 5503, 5504, 5602, 5603, 6101, 6102, 6201, 6202, 6301, 6302, 6401.

The Resort Apartments covered by this Public Report are also identified by **bolding** and underlining in Exhibits B and E of this Public Report and are sometimes specifically referred to in this Public Report as the "Units" or generally referred to as "apartments". All of the Units covered by this Public Report are located in Buildings 1, 2, 5, 6 and 7 of the Project, as shown on the Amended and Restated Condominium Map (the "Restated Condominium Map").

2. **Initial Development of the Project.** Development of the Project began in 2006 by the initial developer, Kapalua Bay, LLC ("KBL"). KBL (through its general contractor, Nordic/PCL) completed construction of the Project in June of 2009. When completed, the Project was comprised of a total of 151 condominium units, as well as various common elements and limited common elements. Of the 151 units, (a) 146 were designated as "Resort Apartments", and (b) five were designated as "Commercial Apartments". The Project's construction lender foreclosed on KBL and KBL no longer owns any interest in the Project.

3. **Units Not Covered by this Public Report.** Of the 146 Resort Apartments, 62 were submitted to a timeshare plan under Chapter 514E of Hawaii Revised Statutes, meaning that these 62 Resort Apartments are to be sold and used for timeshare purposes. These 62 Resort Apartments are referred to as "Club Units" in the Amended and Restated Declaration of Condominium Property Regime of Kapalua Bay Condominium, dated March 7, 2014 and recorded in the Bureau as Document No. A-51890035 (the "Restated Declaration"), are shown and referred to as "Timeshare Units" in the Restated Condominium Map, and are not covered by this Public Report. All of the Club Units are located in Buildings 3 and 4 of the Project, as shown on the Restated Condominium Map. The five Commercial Apartments (comprised of the Beach Club Commercial Apartment, the General Store Commercial Apartment, the Model Unit Commercial Apartment, the Resale Space Commercial Apartment and the Sales Gallery Commercial Apartment) are described in the Restated Declaration, are shown on the Restated Condominium Map and are not covered by this Public Report. This Public Report also does not cover the 28 Resort Apartments that were sold and transferred by KBL under Registration No. 5900. Units are no longer being sold under Registration No. 5900.

4. **Control of the Board; Amending the Project Documents.** The Developer currently owns units in the Project representing 72.17% of the Project's common interest. That percentage is based in part on the 56 units that are covered by this Public Report. The 56 units covered by this Public Report represent 43.27% of the Project's common interest. Based on the Developer's current level of ownership in the Project, (a) the Developer would be able to elect a majority of the members of the Association's 3-person board of directors, and (b) no amendment to the Project's Declaration or Bylaws could be made without the Developer's approval.

Once the Developer sells all of the 56 units covered by this Public Report, the Developer will own 28.90% of the Project's common interest (based on the Developer's continued ownership of its other interests in the Project). At that level of ownership, (a) the Developer would no longer be able to elect a majority of the members of the Association's board of directors, (b) it is likely that the Developer would be able to elect at least one member of the Association's board of directors, and (c) no amendment to the Project's Declaration or Bylaws could be made without the Developer's approval.

5. **No Financing Contingency; Deposits at Risk.** If Purchaser will pay any portion of the Unit's purchase price by way of a loan from a mortgage lender, then Purchaser must be aware that Purchaser's obligations under the Sales Contract are not subject to or contingent or conditioned on Purchaser's ability to secure financing from a mortgage lender. In other words, there is no financing contingency for Purchaser and Purchaser's deposit is at risk if financing is not obtained. If Purchaser has waived its right to cancel the Sales Contract, but then fails to obtain financing needed to close on the purchase the Unit, then Purchaser will be in default under the Sales Contract. In the event of such default, Purchaser may lose the deposit it made for the purchase of the Unit.

6. **No Warranties; Inspection Recommended.** Construction of the Units was completed by KBL in 2009, so the Units are being sold by the Developer as completed dwellings, ready for occupancy. It is important to note that (a) any warranties that may have been available from the original general contractor for the Project have expired, (b) the Developer is not aware of any original appliance warranties still being in effect, and (c) the Developer makes no warranties whatsoever with respect to the physical condition of the Units or with respect to any appliances or other items included in the Units. For those reasons, it is recommended that Purchasers have the condition of their Units and the appliances in their Units professionally inspected before they waive their right to cancel their Sales Contract.

7. **Maintenance Fee Estimates Are Expected to Change.** Purchasers should note that the maintenance fee estimates reflected in Exhibit J of this Public Report are expected to change as

a result of cost-sharing assessments that will be performed by the Association and Montage (defined below) pursuant to the Concession Agreement (defined below).

8. **Allocation of Common Expenses for Determination of Maintenance Fees.** See Section 4.2, on pages 12 and 12a for a disclosure relating to how the common expenses of the Project are allocated among the various Unit owners.
9. **Developer's Role in the Project.** In June of 2013, Island Acquisitions Kapalua LLC, a Delaware limited liability company (the "Developer"), acquired all of KBL's remaining interests in the Project, including KBL's interests as the developer of the Project. The interests that the Developer acquired from KBL included (a) the 56 Resort Apartments (i.e., the Units) that are covered by this Public Report, as well the common interests appurtenant to those Resort Apartments, and (b) the unsold interests in the 62 Club Units and the five Commercial Apartments that are not covered by this Public Report. The Developer is also referred to as the "Hotel Owner" under the Restated Declaration.
10. **Hotel Operation.** As described in the Restated Declaration, Montage Hotels & Resorts LLC, a Nevada limited liability company ("Montage"), will operate a luxury hotel (the "Hotel") on behalf of the Developer within certain portions of the Project and on a separate parcel of land adjacent to the Project, which separate parcel is referred to in the Restated Declaration as the "Spa Parcel". The portions of the Project where the Hotel will be operated include the Club Units and the Commercial Apartments, as well as the "Hotel Leased Areas", the "Hotel Shared Use Areas" and "Concession Areas" (as each of those terms is defined in the Restated Declaration). Montage's rights and obligations with respect to the operation of the Hotel are set forth in one or more agreements with the Developer and/or with the Association of Apartment Owners of Kapalua Bay Condominium (the "Association"). Such agreements include, but are not limited to, a "Concession Agreement, Lease and Shared-Use Agreement" between the Association and Montage (described below) and a "Hotel Services Agreement" (as those terms are defined in the Restated Declaration). The Developer, as the owner of the Hotel, has also entered into a long term management agreement with Montage, which management agreement addresses the operation of the Hotel. The management agreement may be terminated on certain conditions set forth in the management agreement, which conditions include, but are not limited to, a default by either party to the management agreement. No representation is made that Montage will manage the Hotel and that the Montage brand will be in place for the duration of any Purchaser's ownership of a Unit.
11. **Hotel Rules Governing Use of Hotel Areas.** As set forth in the Restated Declaration, Montage has broad authority to adopt, rescind and amend rules and regulations, subject to approval by the Developer as the owner of the Hotel, governing the use of various portions of the Project that are used for the Hotel (the "Hotel Rules"). Among the Hotel Areas (as defined in the Restated Declaration) covered by the Hotel Rules are certain dining and bar areas, certain lawn areas and the Hotel lobby areas. When using the portions of the Project that are subject to the Hotel Rules, Purchasers, as Unit owners, will be required to comply with the Hotel Rules. Neither the Association nor the Unit owners will have any right to approve, reject or modify the Hotel Rules.
12. **Spa Parcel.** Located immediately adjacent to the Project is a parcel of property (the "Spa Parcel") owned by the Developer on which Montage will operate a spa (the "Spa"). The Spa shall be available for use by Purchasers pursuant to the Spa and Beach Club Access Agreement (described in item 13 below), and may also be used by members of The Kapalua Club (described in item 22 below). For operational efficiency and convenience, certain back-of-house equipment serving the Project are located on the Spa Parcel.
13. **Spa and Beach Club Access Agreement to be Signed by Each Purchaser when Acquiring a Unit.** As a pre-condition to closing on the purchase of a Unit that is subject to this Public Report, each Purchaser of a Unit shall be required to enter into a "Spa and Beach Club Access Agreement" with the Developer (or Montage acting on the Developer's behalf). The Spa and

Beach Club Access Agreement will allow the Purchaser to use the Beach Club Commercial Apartment (which includes a swimming pool, an outdoor seating area, a snack bar and locker room facilities) and the Spa. Purchaser's use of those amenities will be in accordance with the terms of the Spa and Beach Club Access Agreement and the Hotel Rules. The Spa and Beach Club Access Agreement, which shall be in a form prepared by Montage, will be in effect for as long as the Purchaser owns the Unit and the Beach Club and Spa are in operation, and will require the Purchaser to pay a fee in a fair and equitable amount related to the Beach Club Commercial Apartment and the Spa, as reasonably determined by Montage. As of the date of this Public Report, the amount of the fee that each Purchaser must pay pursuant to the Spa and Beach Club Access Agreement is \$2,400.00 per calendar year, although that amount is subject to increase by Montage on an annual basis.

14. **Condominium Management Agreement.** On April 11, 2014, Montage and the Association entered into a Condominium Management Agreement that requires Montage to provide the Association with certain management services (the "Condominium Management Agreement"). The services to be provided by Montage are described in Exhibit A attached to the Management Agreement, which services are to be performed at a quality level that is no less than the higher of (i) the Five Diamond Standard as referenced in the Restated Declaration, and (ii) the standards, policies and programs and at the level of service and quality in effect from time to time that Montage reasonably determines are applicable to the operation of all or substantially all hotels operated by Montage and its affiliates from time to time under the Montage trademarks within the United States and in accordance with the budget for the Project as described in the Condominium Management Agreement. The Condominium Management Agreement may remain in effect for as long as 35 years, provided that the Condominium Management Agreement may be terminated earlier on certain conditions set forth therein, which conditions include, but are not limited to, a default by either party to the Condominium Management Agreement. Among the services to be provided by Montage are the development and management of the budget for the Project, including any capital improvements approved by the Association's board of directors, the preparation of all financial reporting and the management of all billings and collections. A copy of the Condominium Management Agreement has been submitted to the Real Estate Commission and is available from the Developer upon request. Purchasers are advised to review the Condominium Management Agreement.
15. **Disclaimers.**
  - a. The Project and the Resort Apartments located within the Project are not owned, developed, or sold by Montage. Other than its certification in Exhibit J of this Public Report, Montage does not make any representations, warranties or guaranties with respect to the development of the Resort Apartments, the Project or any part thereof.
  - b. The Developer uses the Montage brand name and certain Montage trademarks (collectively, the "Operator Trademarks") in connection with the sales and marketing of the Project's Resort Apartments under a limited, non-exclusive, non-transferable and nonsublicensable license from Montage. The foregoing license may be terminated or may expire without renewal, in which case neither the Resort Apartments nor any part of the Project will be identified as a Montage-branded project or have any rights to use the Operator Trademarks.
16. **Concession Agreement, Lease and Shared-Use Agreement.** The Concession Agreement, Lease and Shared-Use Agreement (the "Concession Agreement") is an agreement between the Association and Montage. On March 7, 2014, the Association voted to give the Association's board of directors the authority to enter into the Concession Agreement on behalf of the Association. The board approved and signed the Concession Agreement on April 11, 2014. The Concession Agreement facilitates the operation of the Hotel and also benefits the Association. Under the terms of the Concession Agreement, the Association (i) grants to Montage the right to operate the Concession Areas, including the Pool Grille and Pool Bar, subject to certain obligations on the part of Montage with respect to the Concession Areas, (ii) leases to Montage

the Hotel Leased Areas, including a new 3-meal restaurant and certain commercial space, subject to certain obligations on the part of Montage with respect to the Hotel Leased Areas, (iii) grants to Montage non-exclusive rights to use certain Common Elements of the Project, subject to certain obligations on the part of Montage with respect to such areas, and (iv) agrees that Montage shall have certain non-exclusive rights to use, and authority to administer, maintain and repair, certain Limited Common Elements of the Project, subject to certain obligations on the part of Montage with respect to such areas (as such terms are defined in the Restated Declaration). The Concession Agreement has a term of up to 55 years (i.e., until 2069). During the term of the Concession Agreement, the Association will benefit from improvements to the Project that are being made by Montage in accordance with the provisions of the Concession Agreement and from Montage's obligations to pay portions of the Project expenses as set forth in the Concession Agreement. The portions of the Project expenses that Montage is obligated to pay for relate to certain of the Project's food and beverage operations, which the Association would otherwise have to pay for. A copy of the Concession Agreement has been submitted to the Real Estate Commission and is available from the Developer upon request. Purchasers are advised to review the Concession Agreement.

17. **Developer's Improvements to the Project.** The Developer (through its general contractor, Sterling Development Services (Lance Weisel), (808) 871-7005, CT-23193) is making (or has made) the following improvements to the Project: a new 3-meal restaurant and bar; updated pool furniture; updated lobby furniture; improved residential concierge/lounge area; landscaping enhancements; and conversion of the former pool grill dining area to a multifunction space. It is anticipated that those improvements will be substantially complete by the end of June 2014.
18. **Permitted Uses for the Units.** The Units covered by this Public Report may be (A) used for residential purposes, and (B) rented or leased on a short-term or long-term basis. All other uses of the Units are expressly prohibited. It is important to note the following with respect to the Units covered by this Public Report:
  - a. The Units covered by this Public Report are not hotel units and are not part of the Hotel; provided, however, that Apartments 2101, 2201 and 2301 may be used in the Hotel or rented as hotel rooms.
  - b. The Units covered by this Public Report are not Club Units and are not timeshare units, meaning that these Units have not been submitted to a timeshare plan pursuant to Chapter 514E of the Hawaii Revised Statutes, and may not be used as part of a non-equity club or as vacation ownership units pursuant to a vacation ownership or timeshare plan or other interval ownership or joint ownership plan or program.
19. **Timeshare is Expressly Permitted for Club Units.** Purchasers are advised that **TIMESHARE, TRANSIENT VACATION RENTAL AND NON-EQUITY CLUB USE ARE EXPRESSLY PERMITTED** for the Club Units, provided that the Units being acquired by Purchasers cannot be used for those purposes. In addition, the Units covered by this Public Report may not be marketed or advertised under any vacation club, fractional ownership, or other similar marketing program without the express prior written approval of Developer. Accordingly, the Project will be comprised of multiple types of uses and occupants.
20. **Exclusive Resorts' Non-Equity Vacation Club.** Purchasers are advised that all Resort Apartments located in Building 6 and the Resort Apartments located in Building 2 (with the exception of Apartments 2101, 2201, 2301, 2401, 2103, 2203, 2303, 2403 and 2503) may be used (but are not required to be used) for the operation of a "non-equity club" or "vacation ownership program" by an entity called Exclusive Resorts, LLC or an affiliate thereof ("Exclusive Resorts"). Any other apartments in the other buildings of the Project that Exclusive Resorts owns in fee simple in the future may also be used in the same manner. Only those apartments that are owned by Exclusive Resorts may be operated as part of a non-equity club or vacation ownership program or used based upon a non-equity club structure or a vacation ownership program.

21. **Access to Certain Hotel Services.** Purchasers shall, subject to and in compliance with (a) rules that the Developer and/or Montage may establish, (b) the terms and conditions of a "Hotel Services Agreement" between the Developer (or Montage acting on the Developer's behalf) and the Association on behalf of all of the Project's apartment owners, and (c) a separate agreement between the Developer (or Montage acting on the Developer's behalf) and each unit owner addressing Hotel Services, have access, at a cost to Unit owners, to certain Hotel services (which include, but are not limited to, porter service, housekeeping, maintenance, room service, airport transfers, in-unit catering/meal preparation, conference planning, childcare, personal training services and rental car services) that are provided by the Developer (or Montage acting on the Developer's behalf) and made available by the Developer (or Montage acting on the Developer's behalf) to all guests of the Hotel. In most cases, the Hotel services will be available to the Unit owners in a manner and at a cost that is substantially equivalent to the access of such services that are generally available to all guests of the Hotel, provided that certain Hotel services may be subject to a separate charge to Unit owners, as Hotel guests may be entitled to access to or use of such services as part of their room charges. The Developer may from time-to-time in its sole discretion temporarily suspend any of the Hotel services, even if such services are then otherwise being made available to Hotel guests. The Developer may, in its sole discretion, determine what Hotel services will be provided at the Hotel and at what cost, and shall have no obligation to provide any particular Hotel service or at any particular cost.
22. **The Kapalua Club.** The Kapalua Club is a non-proprietary, non-voting resort membership club located within the Kapalua resort community that is open for membership to all homeowners in the Kapalua area. The facilities of The Kapalua Club, which include golf, tennis, beach and swimming facilities among others, are made available by Maui Land & Pineapple Company, a Hawaii corporation (the "Kapalua Club Operator").

MEMBERSHIP IN THE KAPALUA CLUB DOES NOT NECESSARILY ENTITLE PURCHASERS TO USE ALL OF THE RESORT FACILITIES OF THE KAPALUA RESORT COMMUNITY. FURTHER, THE RESORT AMENITIES AND BENEFITS AVAILABLE FOR PURCHASER'S USE MAY CHANGE OVER TIME.

Various types of memberships are offered in The Kapalua Club. Owners of Resort Apartments may obtain information about The Kapalua Club by contacting The Kapalua Club Operator directly. The Developer and Montage are not related to or affiliated with The Kapalua Club and have no obligation whatsoever to arrange for any membership in The Kapalua Club on behalf of owners of Units.

As set forth in the Restated Declaration, membership in The Kapalua Club and use of the facilities that are part of The Kapalua Club shall be subject to the terms of various documents. Among the facilities used by members of The Kapalua Club are the Spa (described in item 12 above) and the Beach Club Commercial Apartment (described in item 13 above). As noted in item 13 above, pursuant to the Spa and Beach Club Access Agreement that each Purchaser must enter into with the Developer (or Montage acting on the Developer's behalf), the Spa and the Beach Club Commercial Apartment will also be available for use by Purchasers of Units covered by this Public Report.

23. **Easements.** Certain easements for access to the shoreline and for recreational purposes have been granted in favor of the public and the Kapalua Resort Association. Further, exclusive access rights, originally granted to Maui Land & Pineapple Company but since assigned to the Developer, have been granted for access to, and use of, the Cliff House, which is located on the Project site but the expense of use and maintenance of which is the responsibility of the Developer. The Project site is also subject to an easement in favor of the Spa Parcel for access, parking and machine/utility room purposes. The Association has been granted an easement to utilize a portion of the Spa Parcel for office and other purposes. The easements encumbering the Project are reflected in Exhibit H to this Public Report. Certain other easements affecting the

Project have been recorded and are reflected in Exhibit H to this Public Report.

24. **Kapalua Resort Association Enhancement Assessment.** Each apartment in the Project (including all of the Units) has been subjected to the Kapalua Resort Declaration by means of the Fourth Amendment to Amended and Restated Declaration of Covenants and Restrictions (the "KRA Amended Declaration"), dated November 29, 2006 and recorded in the Bureau as Document No. 2007-109432. The KRA Amended Declaration imposes additional covenants on apartments in the Project (including the Units) and provides that upon the subsequent sale or transfer of an apartment after the initial sale by the Developer, the transferor must pay an assessment ("Enhancement Fee") to the Kapalua Resort Association in the amount of one-half of one percent (0.5%) of the sales price paid for the apartment (including improvements thereon and therein). Accordingly, if a Unit purchaser subsequently sells or transfers his Unit, then he will be responsible for paying the Enhancement Fee in connection with that sale or transfer. For example, if a Unit purchaser resells his Unit for One Million Dollars (\$1,000,000), as the seller, he will be required to pay the Kapalua Resort Association an Enhancement Fee in the amount of Five Thousand Dollars (\$5,000). Certain transfers are exempt from the Enhancement Fee, such as a transfer to a spouse or living trust, or to a business entity that is wholly owned by the transferor. The Enhancement Fee provides the Kapalua Resort Association with funds and reserves for purposes that the Kapalua Resort Association's board of directors deems appropriate, including, without limitation, additions, improvements, renovations, repairs and replacements of the amenities and infrastructure within or that benefit Kapalua. Under the terms of the KRA Amended Declaration, the seller or transferor is responsible for paying the Enhancement Fee at the time the sale or transfer closes, although the Enhancement Fee may be collected and paid by an escrow agent that is handling the sale or transfer. If the Enhancement Fee is not paid, the KRA Amended Declaration provides that the unpaid Enhancement Fee shall be a lien on the property transferred that may be foreclosed by the Kapalua Resort Association. A copy of the KRA Amended Declaration will be provided to all Unit purchasers upon request.



## TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report.....	1
General Information On Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units.....	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions.....	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters.....	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions.....	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer.....	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS.....	10
3.1 Declaration of Condominium Property Regime.....	10
3.2 Bylaws of the Association of Unit Owners.....	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements.....	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be Included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner.....	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties.....	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

## TABLE OF CONTENTS

	<u>Page</u>
5.6	Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance ..... 14
5.6.1	Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance ..... 14
5.6.2	Purchaser Deposits Will Be Disbursed Before Closing ..... 15
5.7	Rights Under the Sales Contract ..... 17
5.8	Purchaser's Right to Cancel or Rescind a Sales Contract ..... 17
5.8.1	Purchaser's 30-Day Right to Cancel a Sales Contract ..... 17
5.8.2	Right to Cancel a Sales Contract if Completion Deadline Missed ..... 18
5.8.3	Purchaser's Right to Rescind a Binding Sales Contract After a Material Change ..... 18
6.	MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT ..... 19
EXHIBIT A:	Apartment Numbers, Types and Sizes
EXHIBIT B:	Parking Stall Assignments for Apartments
EXHIBIT C:	Boundaries of each Apartment
EXHIBIT D:	Permitted Alterations to Apartments
EXHIBIT E:	Common Interests for Apartments
EXHIBIT F:	Common Elements
EXHIBIT G:	Limited Common Elements
EXHIBIT H:	Encumbrances Against Title
EXHIBIT I:	Rights Reserved by Developer
EXHIBIT J:	Estimates of Maintenance Fees for Apartments Covered by this Public Report
EXHIBIT K:	Summary of Purchase Agreement
EXHIBIT L:	Summary of Escrow Agreement

## **General Information On Condominiums**

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

## **Operation of the Condominium Project**

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

**1. THE CONDOMINIUM PROJECT**

**1.1 The Underlying Land**

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Not Applicable
Address of Project	1 Bay Drive Lahaina, Maui, Hawaii 96761
Address of Project is expected to change because	Not Applicable
Tax Map Key (TMK)	For the Units: (2) 4-2-4:28 CPR Nos. 1,2,4-7,9,12,14-18,21-25,27,33,35,39, 40,42,45-47,51,54,118,119,121,122,124-151
Tax Map Key is expected to change because	Not Applicable
Land Area	The land covering the entire Project encompasses approximately 21 acres.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not Applicable

**1.2 Buildings and Other Improvements**

Number of Buildings	The entire Project has 7 buildings, (cont'd on page 3a)
Floors Per Building	Buildings 1 and 5 each have 6 floors; (cont'd on page 3a)
Number of New Building(s)	7
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, steel, glass, and related building materials

**1.3 Unit Types and Sizes of Units**

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
See Exhibit <u>  A  </u> .						

<b>151*</b>	<b>Total Number of Units</b>
-------------	------------------------------

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

**Section 1.2 (continued)**

**Buildings and Other Improvements**

Number of Buildings	The entire Project has 7 buildings, but the Units covered by this Public Report are located in 4 of the buildings (Buildings 1, 2, 5 and, 6)
---------------------	--

Floors Per Building	Buildings 1 and 5 each have 6 floors; Buildings 2, 3 and 4 each have 7 floors; Building 6 has 4 floors and the Arrival Building has 3 floors. There are also 2 free standing commercial apartments.
---------------------	---

**Section 1.3 (continued)**

**Unit Types and Sizes of Units**

151*	<b>Total Number of Units</b>
------	------------------------------

\*Although there are 151 total units in the Project, this Public Report covers just the 56 Units that are identified on page 1a and shown in **bold** and underlining in Exhibits B and E as being covered by this Public Report.

**1.4 Parking Stalls**

Total Parking Stalls in the Project:	248
Number of Guest Stalls in the Project:	None specifically set aside for parking by guests
Number of Parking Stalls Assigned to Each Unit:	Two to each Unit covered by this Public Report
Attach Exhibit <u>B</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.  Not applicable.	

**1.5 Boundaries of the Units**

Boundaries of the unit: See Exhibit C
---------------------------------------

**1.6 Permitted Alterations to the Units**

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): See Exhibit D
---

**1.7 Common Interest**

<u>Common Interest</u> : Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u>E</u> .
As follows:

**1.8 Recreational and Other Common Facilities (Check if applicable):**

<input checked="" type="checkbox"/>	Swimming pool (excluding pools adjacent to Building 6 (General Store Commercial Apt.))
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input checked="" type="checkbox"/>	Recreation Area
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

**1.9 Common Elements**

<p><b>Common Elements:</b> Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit <u>F</u> .</p>	
<p>Described as follows:</p>	
<b>Common Element</b>	<b>Number</b>
Elevators	24
Stairways	37
Trash Chutes	9

**1.10 Limited Common Elements**

<p><b>Limited Common Elements:</b> A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit <u>G</u> .</p>
<p>Described as follows:</p>

**1.11 Special Use Restrictions**

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
<input checked="" type="checkbox"/>	Pets: See page 5a
<input checked="" type="checkbox"/>	Number of Occupants: See page 5a
<input checked="" type="checkbox"/>	Other: Timesharing, vacation clubs and fractional ownership programs are prohibited.
<input type="checkbox"/>	There are no special use restrictions.

**1.12 Encumbrances Against Title**

<p>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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>H</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: May 20, 2014</p>
<p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</p>

**1.11 (continued) Special Use Restrictions**

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
<input checked="" type="checkbox"/>	<p>Pets: In accordance with the House Rules, pets are permitted within apartments other than those apartments used for timesharing purposes. Following are among some of the limits on pets in the Project: dogs, cats and other customary household pets (as determined by the board) in reasonable number and size (as determined by the board, but not to exceed a total of two such animals per apartment) and fish, birds or other similar animals may be kept in Resort Apartments other than Club Units; provided, however, that dogs weighing more than 60 pounds shall not be permitted in any apartment or in any other portion of the Project without the prior written consent of Montage. In no case shall poultry or other livestock or any animal prohibited by any applicable law be allowed anywhere on the Project. See Article I, Section 2 of the House Rules for further information on pets.</p>
<input checked="" type="checkbox"/>	<p>Number of Occupants: Occupancy within apartments in Buildings 1, 2, 5 and 6 (where the Units covered by this Public Report are located) is limited to 10 individuals, unless Maui County permits a higher occupancy. As to apartments in Buildings 3 and 4, occupancy is limited to 6 individuals per two-bedroom apartment and to 10 individuals per three-bedroom apartment.</p>



**1.13 Uses Permitted by Zoning and Zoning Compliance Matters**

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input type="checkbox"/>	Residential		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Commercial	5	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Hotel (H-M)
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Timeshare	62	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Hotel (H-M)
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (Specify): resort	84	<input type="checkbox"/> Yes <input type="checkbox"/> No	Hotel (H-M)
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.			None	

**1.14 Other Zoning Compliance Matters**

Conforming/Non-Conforming Uses, Structures and Lots			
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>			
	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>			

**1.15 Conversions**

<b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b>	<input type="checkbox"/> <b>Applicable</b> <input checked="" type="checkbox"/> <b>Not Applicable</b>
Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations:	
Estimated cost of curing any violations described above:	

<b>Verified Statement from a County Official</b>	
Regarding any converted structures in the project, attached as Exhibit ___ is a verified statement signed by an appropriate county official which states that either:	
(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;	or
(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.	
Other disclosures and information:	

**1.16 Project In Agricultural District**

<p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

**1.17 Project with Assisted Living Facility**

<p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

## 2. PERSONS CONNECTED WITH THE PROJECT

<p><b>2.1 Developer(s)</b></p>	<p>Name: Island Acquisitions Kapalua LLC  c/o Lantern Asset Management, LLC  300 Crescent Court, Suite 1100  Dallas, TX 75201  Attn: William Srinivasan  Business Phone Number: (469) 554-7916  E-mail Address: william.srinivasan@lanternam.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Manager: Lantern Asset Management, LLC  Members: Maui Holdings JV LLC and KB Investco LLC  Owner: IAK Holdco LLC (Maui Holdings JV LLC and KB Investco LLC are the members of IAK Holdco LLC)</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: Lisa Hatem Real Estate Company, LLC  Business Address: One Bay Drive, Unit 1404  Lahaina, HI 96761  Business Phone Number: (808) 662-6551  E-mail Address: LHatem@montagehotels.com</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc.  Business Address: 235 Queen Street  Honolulu, Hawaii 96813   Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor*</b></p>	<p>Name: Sterling Development Services  Business Address: P.O. Box 790040  Paia, HI 96779   Business Phone Number: (808) 870-9741  *see item 14 on page 1d for the improvements being made by this general contractor</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Montage Hotels &amp; Resorts, LLC  Business Address: 30801 South Coast Highway  Laguna Beach, California 92651   Business Phone Number: (808) 662-6500</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Schneider Tanaka Radovich Andrew &amp; Tanaka, LLLC  Business Address: 1100 Alakea Street, Suite 2100  Honolulu, Hawaii 96813   Business Phone Number: (808) 792-4200</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

#### 3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 18, 2006	2006-083256

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 3, 2006	2006-208339
Bureau of Conveyances	November 13, 2007	2007-212730
Bureau of Conveyances	April 30, 2009	2009-068617
Continued on page 10a		

#### 3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 18, 2006	2006-083257

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 15, 2010	2010-157550
Bureau of Conveyances	March 7, 2014	A-51890036

#### 3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4222
Dates of Recordation of Amendments to the Condominium Map: November 3, 2006; November 13, 2007; April 30, 2009; June 30, 2009; and April 30, 2014	

**3.1 (continued)****Declaration of Condominium Property Regime**

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 30, 2009	2009-107544
Bureau of Conveyances	February 11, 2010	2010-022936
Bureau of Conveyances	November 18, 2010	2010-178152
Bureau of Conveyances	March 7, 2014	A-51890035
Bureau of Conveyances	March 7, 2014	A-52330311

Note: The Amended and Restated Declaration of Condominium Property Regime, identified in Section 3.1 as the amendment dated March 7, 2014 and recorded as Document No. A-51890035, supersedes all prior Condominium Declaration documents in their entirety. The Amended and Restated Bylaws of the Association of Apartment Owners, identified in Section 3.2 as the amendment dated March 7, 2014 and recorded as Document No. A-51890036, supersedes all prior Association Bylaws documents in their entirety. The Amended and Restated Condominium Map, identified in Section 3.3 as the amendment recorded on April 30, 2014, supersedes all prior versions of the Condominium Map in their entirety.

### 3.4 House Rules

<p>The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.</p>		
<p>The House Rules for this project:</p>		
Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/>	The rules are being amended. Amended rules should be reviewed by Purchasers.
Developer does not plan to adopt House Rules	<input type="checkbox"/>	

### 3.5 Changes to the Condominium Documents\* See page 11a

<p>Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.</p>		
Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	67%

### 3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>See Exhibit I</p>

**3.5 (continued)****Changes to the Condominium Documents**

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	67%
House Rules	---	67% of unit owners or by the Board of Directors



## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<b>Management of the Common Elements:</b> The Association of Unit 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.	
The Initial Condominium Managing Agent for this project is (check one):	
<input checked="" type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<b>Estimate of the Initial Maintenance Fees:</b> The Association will make assessments against your unit 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 unit and the unit 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 <u>  J  </u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses. (See Note on page 12a.)

### 4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements only
<input checked="" type="checkbox"/>	Gas for the common elements only
<input checked="" type="checkbox"/>	Water for the common elements only
<input checked="" type="checkbox"/>	Sewer for the common elements only
<input checked="" type="checkbox"/>	TV Cable for the common elements only
<input checked="" type="checkbox"/>	Other (specify) Refuse Collection

### 4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water for the Unit only
<input checked="" type="checkbox"/>	Sewer for the Unit only
<input checked="" type="checkbox"/>	TV Cable for the Unit only
<input type="checkbox"/>	Other (specify)

#### **Section 4.2 (continued) Estimate of the Initial Maintenance Fees**

Note: Each Unit's maintenance fee assessment cannot be computed simply by multiplying its percentage common interest by the totals shown in Exhibit J. Rather, pursuant to Articles III and IX of the Restated Declaration, the common expenses of the Project (and, thus, each Unit's maintenance fee assessments) are allocated among the Unit owners in a fair and equitable manner based on a formula or method implemented by the managing agent. The Association's board of directors has delegated to Montage, as the Project's current managing agent, the power to allocate the Project's common expenses for purposes of determining each Unit's maintenance fee assessment.

Expenses are allocated by Montage based on different allocation methodologies and factors, including (a) the relative size of a Unit, (b) the type of occupancy allowed in the Unit, and (c) the number of Units in each type of occupancy. The various methodologies and factors are then applied based on the type of expense at issue. For example, Hotel front desk expenses are allocated by occupancy under the premise that the Club Units have a higher general occupancy than the Resort Apartments (e.g., fractionally owned Units and Hotel rooms are used more often than Resort Apartments). In contrast, security is applied on a unit-mix basis, because security applies to the entire Project and all Unit owners share the benefit of the security on a unit-by-unit basis. Allocation methodologies and factors are evaluated periodically and, thus, are subject to change from time-to-time, which means that the resulting common expense allocations and maintenance fee assessments are subject to change as well.

Purchasers should note that the maintenance fee estimates reflected in Exhibit J of this Public Report are expected to change as a result of cost-sharing assessments that will be performed by the Association and Montage pursuant to the Concession Agreement.

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>  K  </u> contains a summary of the pertinent provisions of the sales contract. Including, but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: <u>March 28, 2014</u> Name of Escrow Company: <u>Title Guaranty Escrow Services, Inc.</u> Exhibit <u>  L  </u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

### 5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit <u>      </u> .
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

### 5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

<u>Type of Lien</u>	<u>Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
See page 13a	See page 13a

### 5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: None, but see the note on page 13a.
Appliances: None, but see the note on page 13a.

**Paragraph 5.3 Blanket Liens continued**

**Type of Lien:** As of the effective date of this Public Report, there is no blanket lien affecting title to the individual units. However, the Developer may, in the future, create such a lien by way of one or more mortgages and related financing statements, securing one or more loans. If such a blanket lien is created, Purchaser's Sales Contract would be subordinate to such lien, as provided in the Sales Contract.

**Effect on Purchaser's Interest and Deposit if the Developer Defaults or Lien is Foreclosed Prior to Conveyance:** If obtained by the Developer, the loan(s) is/are to be secured by mortgage(s), which will be released as to the Unit being conveyed at the time of conveyance. If there is a default and foreclosure of the mortgage(s) prior to conveyance, then the Purchaser's Sales Contract will be subject to cancellation and the Purchaser may lose the right to buy the unit, but will receive his/her deposit back, less a cancellation fee.

The Purchaser intentionally subordinates the Purchaser's interest arising under the Sales Contract to the security interests of the Developer's lender, including any lien, mortgage or charge securing the lender's loan to the Developer, any other loan that may be made to finance the Developer's development costs and all interest to be paid by the Developer on the loan, until the recordation of the deed conveying the Unit to the Purchaser.

**Section 5.4 (continued) Construction Warranties**

**Building and Other Improvements:**

The Developer makes no warranties with respect to the buildings, the Units or other improvements. And the Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship, and any other express or implied warranties, with respect to the Units, the Project or any of the common elements.

Any warranties that may have been available from the original general contractor for the Project have likely expired. It is recommended that Purchasers have the condition of their Units professionally inspected before they waive their right to cancel their Sales Contract.

**Appliances:**

The Developer makes no warranties with respect to any appliances or other consumer products installed in any Unit or in the common elements. And the Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship, and any other express or implied warranties, with respect to any appliances or furnishings contained within the Units or any part of the Project.

The Developer is not aware of any original appliance warranties still being in effect. It is recommended that Purchasers have the appliances in their Units professionally inspected before they waive their right to cancel their Sales Contract.

**5.5 Status of Construction, Date of Completion or Estimated Date of Completion**

<p>Status of Construction: Construction of the Project was completed in June of 2009 by Kapalua Bay, LLC, which is the original developer of the Project. the Developer, the successor developer of the Project and the "Developer" under this Public Report, was not involved in the development or construction of the Units. However, as noted on page 1b of this Public Report, the Developer is making certain improvements to other parts of the Project.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p> <p>Not applicable.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p> <p>Not applicable.</p>

**5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance**

<input type="checkbox"/>	<p>Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.</p> <p>Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to meet certain requirements, described below in 5.6.1 or 5.6.2.</p>
--------------------------	---

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

**5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance**

<input checked="" type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Sections 5.6.2, which follows below, will not be applicable to the project.</i></p>
-------------------------------------	---

**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p><b>Box A</b></p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><b><u>Important Notice Regarding Your Deposits:</u></b> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p><b>Box B</b></p> <p><input type="checkbox"/></p>	<p>The Developer has <b><u>not</u></b> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <b><u>Important Notice Regarding Your Deposits</u></b> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <b><u>Important Notice Regarding Your Deposits</u></b> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

**Material House Bond.** If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

## 5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: Management Agreement Concession Agreement, Lease and Shared-Use Agreement Amended and Restated House Rules

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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: <a href="http://www.capitol.hawaii.gov">www.capitol.hawaii.gov</a>
Website to access rules: <a href="http://www.hawaii.gov/dcca/har">www.hawaii.gov/dcca/har</a>

## 5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.
---

### 5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

<p>A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:</p> <ol style="list-style-type: none"> <li>(1) The purchaser has signed the sales contract.</li> <li>(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.</li> <li>(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation</li> </ol>
--



right on a form prescribed by the Commission.

- (4) The purchaser does at least one of the following:
- (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or
  - (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
  - (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

### **5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed**

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

### **5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change**

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30<sup>th</sup> calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

## 6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. **Project in Flood Zone.** Purchasers should be aware that according to Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Community Panel No. 1500030138 B dated June 1, 1981, all proposed building structures within the Project are located within Zone C (an area of minimal flooding) with the exception of the Cliff House that is within Zone A4 (an area affected by a 100-year flood event with base flood elevation +18.0 feet msl.). Purchasers should consult with their insurance agents and mortgagees, if any, for insurance requirements.
2. **SMA and Other Permits.** Purchasers should be aware that the Project falls within the shoreline setback area and special management area, and, as such, construction of improvements within such areas may require the approval of the County of Maui and/or other governmental agencies or departments. The Project is currently subject to Special Management Area Use Permit (SM1 2005/0001); Step 1 and Step 2 Planned Development Applications (PD1 2005/0003) (PD2 2005/0003); and Shoreline Setback Variance (SSV 2005/0002). As required by the Special Management Area Use Permit, paved parking stalls have been provided for members of the public accessing the shoreline. For further details, refer to the Special Management Area Use Permit dated December 19, 2005.
3. **Utilities.** The Association receives bulk billings from the electric, water and sewer service providers covering services provided both to the common elements of the Project and to the individual apartment units. Accordingly, the Association shall, in turn, assess individual owners for the electric, water and sewer expenses attributable to their respective Units in billings that shall be separate and apart from each owner's normal maintenance fee assessments.

With respect to gas service for the Project, the Association will receive a billing from the gas service provider pertaining to the common elements of the Project only. Accordingly, each owner of a Unit must set up his/her own account with the gas service provider for gas service to his/her Unit.

The cost of refuse collection is included in the maintenance fees.

Because certain equipment and utility service infrastructure are shared by the Project and the Spa Parcel (including certain back-of-house equipment for the Project) and are situated on the Spa Parcel, there is also no separate electric meter for the Project site and the Spa Parcel. Accordingly, charges by the electric service provider for electricity use relative to the Spa Parcel will also be included in the billing to the Association. The Association will, in turn, assess the Spa Parcel's owner for its share of the electricity charges. The cost of gas, water (including landscape irrigation) and sewer usage are billed separately to the owner of the Spa Parcel by the appropriate utility service provider.

4. **Condominium Living.** In any multi-family building, sound may be audible between units. Due to the proximity of one unit to another and of units to common elements, various noises and vibrations inherent in the occupancy of a unit within a multi-family condominium project (including plumbing, elevator operation, use of the trash chutes, adjacent neighbors, wind-related noises and other types of noises) may result, to which certain occupants may be especially sensitive and which may prove a nuisance for some. There is also the possibility of smells (e.g., barbecue odors, other cooking odors, perfumes, and other odors), smoke (from tobacco and other smoking substances), fumes and other nuisances being transmitted between units and from the common elements.

5. **Mold.** Mold and mold spores are present throughout the environment and the process of constructing dwellings is not, and cannot be, designed to exclude mold spores. If the growing conditions are favorable, mold can grow in the Unit. Once the Purchaser takes ownership of the Unit, the Purchaser shall assume responsibility for taking appropriate steps to reduce or eliminate mold growth in the Unit.
6. **Views Not Assured.** Each Purchaser acknowledges and agrees that the Developer has made no, and makes no, representations or warranties with respect to the presence or continued existence of any views or view planes from any portion of the Project or any Unit, and further understands and acknowledges (a) that the future development of land adjacent to or in the immediate vicinity of the Project may have a detrimental effect on the views from the Units and from other parts of the Project, (b) that there are no view easements or rights appurtenant to the Units or the Project, and (c) that views from the Units and the Project are not assured in any way.
7. **Dispute Resolution; Arbitration.** As set forth in the sales contract that Purchaser will sign to purchase the Unit, in the event of any controversy or claim arising out of, or related to, the Restated Declaration or to any alleged construction or design defects pertaining to the Unit, the common elements or to other improvements in the Project ("dispute"), if the dispute cannot be resolved by negotiation, then the parties to the dispute shall submit the dispute to mediation. If the dispute is not resolved through mediation, then the dispute shall be resolved by arbitration pursuant to the Restated Declaration and the then-current rules and supervision of the American Arbitration Association. By signing a sales contract for a Unit and/or by taking title to a Unit, the Purchaser is agreeing to submit disputes to binding arbitration, and is voluntarily, knowingly and intelligently waiving and giving up any rights the Purchaser may possess to litigate such disputes in a court or by jury trial.
8. **Developer's Right to Change Documents.** The Developer reserves the right to amend the Restated Declaration (including the Restated Condominium Map), the Amended and Restated Bylaws of Association of Apartment Owners of Kapalua Bay Condominium, dated March 7, 2014 and recorded in the Bureau as Document No. A-51890036 (the "Restated Bylaws"), the Project Rules and other documents for certain reasons and subject to certain limitations, as set forth in each of those respective documents. See Exhibit I for detailed information.
9. **Developer Makes No Promises or Warranty About the Amount of Maintenance Fees.** By signing a Sales Contract, Purchaser will be representing and agreeing that Purchaser has had an opportunity to examine and has approved the monthly maintenance fees and assessments for the Purchaser's Unit, as shown in this Public Report. Purchaser is aware that such amounts may change for reasons beyond the control of the Developer. Purchaser is also aware that such fees do not include Purchaser's obligation for payment of real property taxes or for utilities billed directly to Purchaser.
10. **Developer Makes No Representations or Promises About Rentals or Other Economic Benefits.** By signing a sales contract, Purchaser will be agreeing that neither Developer nor any salesperson or other person affiliated with or in any way related to Developer has talked to Purchaser at all about any rental income or rental, management or sales services for Purchaser's Unit. If Purchaser wants to rent or sell the Unit, then Purchaser will have to decide how to do that. Purchaser will also be agreeing that neither Developer nor any salesperson or other person affiliated with or in any way related to Developer has talked to Purchaser at all about income from the Unit or any other economic benefit to be derived from the purchase or ownership of the Unit or about the tax effects of buying the Unit. Purchaser is advised to contact his or her own advisers on all such matters.

11. **Lawsuits.** There are currently three lawsuits (and proceedings pursuant to these lawsuits) related to the Project. These lawsuits are pending in the Circuit Court of the Second Circuit, State of Hawaii, and are described below.

- a. **Narayan v. Marriott International, Inc. et. al. - Civil No. 12-1-0586(3).** In this lawsuit, owners of twelve Resort Apartments that are not covered by this Public Report are pursuing claims against KBL, certain entities related to KBL, the Association of Apartment Owners of Kapalua Bay Condominium (the "Association") and certain past and present members of the Association's board of directors. These claims pertain to the purchase of units by the owners of the twelve units and to the management of the Association and the Project prior to the third quarter of 2012. The defendants that are currently in this lawsuit include: Marriott International, Inc.; The Ritz-Carlton Development Company, Inc.; The Ritz Carlton Management Company, Inc., The Ritz-Carlton Hotel Company, LLC; Marriot Vacations Worldwide Corporation; Marriott Ownership Resorts, Inc.; Marriott Two Flags, LP; MH Kapalua Venture, LLC; John Albert and Edgar Gum; KBL; Maui Land & Pineapple Co., Inc.; MLP KB Partner LLC; Kapalua Bay Holdings; LLC; Exclusive Resorts, LLC; ER Kapalua Investors Fund, LLC; ER Kapalua Investors Fund Holdings, LLC; Exclusive Resorts Development Company, LLC; Exclusive Resorts Club I Holdings, LLC; and the Association. Caroline Peters Belsom, Robert Parsons, Cathy Ross and Ryan Churchill, who are past or present members of the Association's board of directors, are also currently defendants in this lawsuit. This lawsuit is ongoing. Litigation costs incurred by the Association (i) contributed in part to the Association's board of directors requiring a special assessment in 2013 to be paid by the owners of Units in the Project, and (ii) could result in the Association's board of directors having to increase regular assessments and/or requiring one or more special assessments in the future to be paid by the owners of Units in the Project. If the lawsuit results in a money judgment against the Association, such a judgment, to the extent not covered by insurance, could also lead to an increase in regular assessments and/or one or more special assessments to be paid by the owners of Units in the Project.
- b. **Nath v. Kapalua Bay, LLC, et. al. - Civil No. 11-1-0216(3).** In this lawsuit, owners of four Resort Apartments that are not covered by this Public Report are pursuing claims against KBL and certain entities related to KBL but not the Association. These claims pertain to a special discount that was offered to these owners during the purchase of their units. The defendants that are currently in this lawsuit include: Kapalua Bay, LLC; Maui Land & Pineapple Co. Inc.; The Ritz-Carlton Hotel Company L.L.C.; The Ritz-Carlton Development Co., Inc.; Kapalua Realty Co., Ltd.; Marriott International Inc.; Exclusive Resorts, LLC; Marriott Vacations Worldwide Corporation; Marriott Ownership Resorts, Inc.; The Ritz-Carlton Management Company, L.L.C.; Marriott Two Flags LP; MH Kapalua Venture LLC; MLP KB Partner, LLC; Exclusive Resorts Club I Holdings, LLC; Exclusive Resorts Development Company, LLC; ER Kapalua Investors Fund Holdings, LLC; ER Kapalua Investors Fund, LLC; and Kapalua Bay Holdings, LLC. The judge in this lawsuit has ordered that the matter be addressed through arbitration.
- c. **Charles v. Kapalua Bay, LLC, et al. - Civil No. 13-1-0640(2).** In this lawsuit, a group of owners of Club (timeshare) interests in the Project are pursuing claims against KBL but not the Association. These claims pertain to the sales of the Club (timeshare) interests in the Project. This lawsuit is ongoing.

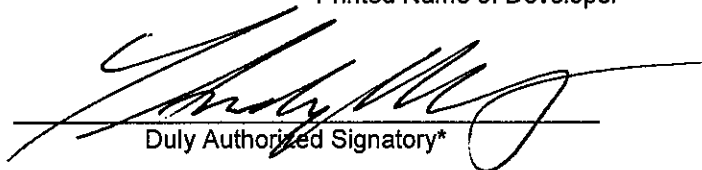
Each Purchaser is advised to review these lawsuits with an attorney and evaluate the potential impact of each lawsuit on the Purchaser, the Association and the Project. The pleadings and related documentation for these lawsuits are available for review at the Circuit Court of the Second Circuit, 2145 Main Street, Wailuku, Hawaii. The telephone number for the Circuit Court of the Second Circuit is 808-244-2969.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

ISLAND ACQUISITIONS KAPALUA LLC, a Delaware limited liability company  
Printed Name of Developer

By:  3/31/2014  
Duly Authorized Signatory\* Date

L. ANDY MITCHELL - AUTHORIZED SIGNATORY  
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; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

**APARTMENT NUMBERS, TYPES AND SIZES**

Apartment Type*	Quantity	BR/Bath/ Study**	Approx. Net Living Area (sf)***	Approx. Net Other Area (sf)***	Identify	Approx. Total Area (sf)***
C2-A	17	2/2.5	1774	554	Lanai	2328
C2-A-ADA	1	2/2.5	1774	554	Lanai	2328
C3-A	19	3/3.5	2065	461	Lanai	2526
C3-A-ADA	1	3/3.5	2065	461	Lanai	2526
C3-A1	6	3/3.5	2065	461	Lanai	2526
C3-B	5	3/3.5	2019	553	Lanai	2572
C3-B-ADA	1	3/3.5	2019	553	Lanai	2572
C3-C	11	3/3.5	2087	354	Lanai	2441
C3-C-ADA	1	3/3.5	2087	354	Lanai	2441
<b><u>R3-A</u></b>	<b>18</b>	<b>3/3.5</b>	<b>2789</b>	<b>551</b>	Lanai	<b>3340</b>
<b><u>R3-A1</u></b>	<b>12</b>	<b>3/3.5</b>	<b>2789</b>	<b>613</b>	Lanai	<b>3402</b>
<b><u>R3-A2</u></b>	<b>5</b>	<b>3/3.5</b>	<b>2789</b>	<b>661</b>	Lanai	<b>3450</b>
<b><u>R3-B</u></b>	<b>13</b>	<b>3/3.5/1</b>	<b>2904</b>	<b>551</b>	Lanai	<b>3455</b>
<b><u>R3-B-ADA</u></b>	<b>1</b>	<b>3/3.5/1</b>	<b>2904</b>	<b>628</b>	Lanai	<b>3532</b>
<b><u>R3-B1</u></b>	<b>12</b>	<b>3/3.5/1</b>	<b>2904</b>	<b>551</b>	Lanai	<b>3455</b>
<b><u>R3-B2</u></b>	<b>10</b>	<b>3/3.5/1</b>	<b>2904</b>	<b>551</b>	Lanai	<b>3455</b>
<b><u>R3-B3</u></b>	<b>5</b>	<b>3/3.5/1</b>	<b>2904</b>	<b>613</b>	Lanai	<b>3517</b>
<b><u>R3-C</u></b>	<b>8</b>	<b>4/4.5/1</b>	<b>4055</b>	<b>948</b>	Lanai	<b>5003</b>
Beach Club CA	1	NA	6108	NA	NA	6108
General Store CA	1	NA	923	NA	NA	923
Model Unit CA	1	NA	2526	NA	NA	2526
Resale Space CA	1	NA	89	NA	NA	89
Sales Gallery CA	1	NA	8946	NA	NA	8946

\* See Exhibit E of this Public Report for a list of apartments by apartment type. The Units covered by this Public Report are among the Apartment Types in **bold** and underlined above.

\*\* Resort Apartments 1101, 1201, 1301, 1401, 2101, 2201, 2301 and 2401 (each of which is an Apartment Type R3-C) have a fourth bedroom (as indicated above) that may be alternatively used as a media room. If such fourth bedroom in any of these apartments is converted to a media room, then the number of bathrooms will remain unchanged.

\*\*\* The approximate area (in square feet) of each Apartment Type, as set forth above, is measured from the interior surface of the apartment perimeter and party walls and includes all of the interior walls, columns, chase spaces and partitions within its perimeter walls. The approximate area (in square feet) of the lanai for each Apartment Type, as set forth above, was computed from the outside surface of the apartment's walls or exterior glass walls to the outside edge of the lanai structure. All areas shown were obtained from the Condominium Map and are approximate only. The Developer makes no representations or warranties whatsoever as to the area of any particular apartment or lanai.

**END OF EXHIBIT A**

**EXHIBIT B**

**PARKING STALL ASSIGNMENTS FOR APARTMENTS**

**PARKING STALL ASSIGNMENTS**

<b>Apartment Number*</b>	<b>Parking Stalls**</b>
Building 1	
<b>1101</b>	023S and 024S
<b>1102</b>	042S and 041S
1103	048S and 047S
<b>1201</b>	021S and 022S
<b>1202</b>	025S and 026S
<b>1203</b>	013S and 014S
<b>1204</b>	044S and 043S
1205	046S and 045S
<b>1301</b>	019S and 020S
1302	029S and 030S
1303	009S and 010S
<b>1304</b>	040S and 039S
1305	015S and 016S
<b>1401</b>	017S and 018S
<b>1402</b>	031S and 032S
<b>1403</b>	001S and 002S
<b>1404</b>	027S and 028S
<b>1405</b>	011S and 012S
1502	035S and 036S
1503	005S and 006CH
<b>1504</b>	033S and 034S
<b>1505</b>	007S and 008S
<b>1604</b>	037S and 038S
<b>1605</b>	003S and 004S
Beach Club CA	
Building 2	
<b>2101</b>	099S and 083S
2103	105S and 106S
<b>2201</b>	098S and 082S
2202	073S and 072S
2203	103S and 087C
2204	071S and 070S
2206	107S and 108S
2208	104S and 069S
<b>2301</b>	097S and 081S
2302	061CH and 050CH
<b>2303</b>	102S and 086S
2304	068S and 057S
2306	110S and 111S
2308	074S and 075S
<b>2401</b>	096S and 080S
<b>2402</b>	062S and 051S
2403	101S and 085S
<b>2404</b>	067S and 056C

Apartment Number*	Parking Stalls**
2406	077S and 076S
2408	079S and 078S
<b>2502</b>	063S and 052S
<b>2503</b>	100S and 084S
<b>2504</b>	066S and 055C
2506	088C and 095S
2508	089C and 094S
2602	064S and 053C
<b>2604</b>	065S and 054C
2606	090C and 093S
2608	091S and 092S
<b>2704</b>	058S and 059S
2706	060S and 109S
<b>Building 3</b>	
3101	---
3102	---
3201	---
3202	---
3203	---
3204	---
3205	---
3301	---
3302	---
3303	---
3304	---
3305	---
3401	---
3402	---
3403	---
3404	---
3405	---
3406	---
3501	---
3502	---
3503	---
3504	---
3505	---
3506	---
3602	---
3603	---
3604	---
3605	---
3606	---
3704	---
3705	---
<b>Building 4</b>	
4101	---
4102	---
4201	---
4202	---



Apartment Number*	Parking Stalls**
4203	---
4204	---
4205	---
4301	---
4302	---
4303	---
4304	---
4305	---
4401	---
4402	---
4403	---
4404	---
4405	---
4406	---
4501	---
4502	---
4503	---
4504	---
4505	---
4506	---
4602	---
4603	---
4604	---
4605	---
4606	---
4704	---
4705	---
<b>Building 5</b>	
<b>5101</b>	120S and 121S
<b>5102</b>	134S and 135S
5103	140C and 141C
<b>5104</b>	146S and 147S
<b>5201</b>	132S and 133S
5202	130S and 131S
<b>5203</b>	138C and 139C
<b>5204</b>	144S and 145S
<b>5301</b>	122S and 123S
<b>5302</b>	128S and 129S
<b>5303</b>	136CH and 137C
<b>5304</b>	142S and 143S
<b>5401</b>	124S and 125S
<b>5402</b>	126S and 127S
<b>5403</b>	113C and 156S
<b>5404</b>	155S and 154S
<b>5501</b>	118S and 119S
<b>5502</b>	114C and 115S
<b>5503</b>	153S and 152S
<b>5504</b>	151S and 150S
<b>5602</b>	116S and 117S
<b>5603</b>	149S and 148S

Apartment Number*	Parking Stalls**
Building 6	
<b><u>6101</u></b>	161H and 168S
<b><u>6102</u></b>	169S and 170S
<b><u>6201</u></b>	171S and 172S
<b><u>6202</u></b>	173S and 174S
<b><u>6301</u></b>	162S and 163S
<b><u>6302</u></b>	164S and 165S
<b><u>6401</u></b>	166S and 167S
Arrival Building	
General Store CA	---
Resale Space CA	---
Free Standing	
Model Unit CA	---
Sales Gallery CA	---

The Project has a total of 248 parking stalls, 164 of which are covered, 84 of which are uncovered, 71 of which are compact sized (indicated by a "C" in the chart above), 172 of which are standard sized (indicated by an "S" in the chart above) and 5 of which are accessible stalls (indicated by an "H" in the chart above). All of the parking stalls in Building 6 are exterior spaces, covered by carports. All of the parking stalls in Buildings 1, 2 and 5 are below grade.

\* Apartment numbers in **bold** and underlined above are the Units that are covered by this Public Report.

\*\* Each whole-unit Resort Apartment (i.e., not timeshare), including each Unit covered by this Public Report, shall have the exclusive use of two (2) parking stalls assigned to it as limited common elements; provided, however, that, if the Developer converts any Club (Timeshare) Units from "Timeshare Units" to units that are no longer part of a timeshare plan, and if any of those converted units are not assigned two parking stalls, then the owners of such units shall be given the right to have at least one car valet parked at no charge. Owners and users of all Resort Apartments sold as Club Units must park their vehicles using the valet service of the Project and may only self-park vehicles in the area designated as "Valet Parking" on the Condominium Map.

All unassigned parking stalls located within or adjacent to Buildings 1, 2, 5 and 6 of the Project, as shown on the Condominium Map, shall be limited common elements of the whole-unit Resort Apartments that have been assigned parking, and shall be used on a non-exclusive basis by such whole-unit Resort Apartment Owners and as parking for the guests of the owners of such whole-unit Resort Apartments. As of the date of this Public Report, parking stall number 175s is the only unassigned parking stall located within or adjacent to Buildings 1, 2, 5 and 6. There are also public parking stalls that shall remain common elements of the Project.

**END OF EXHIBIT B**

## **EXHIBIT C**

### **BOUNDARIES OF EACH APARTMENT**

The following is from the Restated Declaration: With the exception of the Sales Gallery Commercial Apartment and the Model Unit Commercial Apartment, which are free standing apartments, the boundaries of each apartment in the Project (including each Unit covered by this Public Report) consist of spaces within the perimeter and party walls, windows, doors, floors and ceilings of each apartment. Each apartment shall be deemed to include: (i) all of the walls and partitions which are not load bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such apartment which are utilized for and serve only that apartment, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings within or surrounding such apartment, (iv) the inner decorated or finished surfaces of any doors, door frames, windows or window frames, and (v) all appliances and fixtures installed therein, and replacements therefor. The respective apartments shall not be deemed to include: (a) the perimeter or party walls and the undecorated or unfinished interior surfaces thereof (except for the storefronts of the Commercial Apartments, as applicable, which are considered a part of such Commercial Apartments), (b) the undecorated or unfinished surfaces of the floors and ceilings surrounding each apartment, (c) the perimeter doors, door frames, windows and window frames and all hardware associated therewith, and the undecorated or unfinished interior surfaces thereof, (d) the interior load-bearing walls and columns, if any, and the undecorated or unfinished surfaces thereof, or (e) pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized by or serve more than one apartment, the same being deemed common elements of the Project.

**END OF EXHIBIT C**

## EXHIBIT D

### PERMITTED ALTERATIONS TO APARTMENTS

The following is from the Restated Declaration:

A. **GENERAL PROVISIONS.** Except as otherwise expressly provided in the Restated Declaration or the Hotel Lease and Shared Use Rights Agreement to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Restated Condominium Map, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Restated Declaration in accordance with Article XIII of the Restated Declaration, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the apartments involved, and in accordance with complete plans and specifications therefor prepared by a licensed architect. Promptly upon completion of such restoration, replacement or construction, the Association or the apartment owner, as the case shall be, shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

B. **ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT.** Subject to the Restated Declaration, the Restated Bylaws and the House Rules, an apartment owner or apartment owners (if there be more than one owner of an apartment) shall have the right at any time and from time to time at such owner's or owners' sole cost and expense, and without the necessity of the consent or joinder of any other apartment owner, but with the prior approval of the Board (except for alterations to the Commercial Apartments which shall not require such approval), to make any of the following alterations solely within the apartment or limited common element which such apartment owner or apartment owners control: to install, maintain, remove and rearrange partitions (including the party wall between two apartments owned by the same owner or owners) and other structures from time to time within such apartment or limited common element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such apartment or limited common element by such owner or owners or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any apartment or limited common element; provided, however, that this shall not authorize any work or alteration which would be inconsistent with a hotel or resort destination having a Five Diamond Standard, jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other apartment or limited common element, materially alter the uniform external appearance of the Project, materially affect or impair any easement or rights of any of the other apartment owners or materially interfere with or deprive any non-consenting owner or owners of the use or enjoyment of any part of the common elements, subject, however, to the exclusive use of the limited common elements. Further, nothing shall prohibit the Board from effecting such changes within an apartment or limited common element, or to require same, in order that the buildings of the Project may continue to comply with applicable law, including any fire code requirements.

C. **APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES.** In the event that any change or alteration of an apartment pursuant to and in compliance with Section B above shall alter the depiction of the particular apartment on the Restated Condominium Map or the description thereof in the Restated Declaration, then the owner or owners of such apartment shall amend the Restated Declaration and/or the Restated Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the owner or owners of the affected apartment or apartments and by no other party, and such shall become effective upon the recordation thereof at the Bureau of Conveyances of the State of Hawaii. The provisions of Article XIII of the Restated Declaration notwithstanding, such amendment shall not require the consent or joinder of the owner of any other apartment or any other person or entity, other than any mortgagee of such apartment or apartments which are changed or altered. Every apartment owner and all holders of liens affecting any of the apartments and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such owner or owners who shall have changed or altered an apartment as aforesaid, join in,

consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of the Restated Declaration and/or the Restated Condominium Map; and appoints such owner or owners and their assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

**END OF EXHIBIT D**

**EXHIBIT E**

**COMMON INTERESTS FOR APARTMENTS**

Apartment Type (Number of Units)	Apartment Number*	Undivided Common Interest of Each Apartment**
C2-A (17)	3204, 3304, 3404, 3504, 3604, 3704, 4202, 4204, 4302, 4304, 4402, 4404, 4502, 4504, 4602, 4604, 4704	0.454300%
C2-A-ADA (1)	4102	0.454300%
C3-A (19)	3101, 3201, 3203, 3301, 3303, 3401, 3403, 3501, 3503, 3603, 4101, 4201, 4203, 4301, 4401, 4403, 4501, 4503, 4603	0.528821%
C3-A-ADA (1)	4303	0.528821%
C3-A1 (6)	3406, 3506, 3606, 4406, 4506, 4606	0.528821%
C3-B (5)	3102, 3302, 3402, 3502, 3602	0.517041%
C3-B-ADA (1)	3202	0.517041%
C3-C (11)	3205, 3305, 3405, 3505, 3605, 3705, 4305, 4405, 4505, 4605, 4705	0.534455%
C3-C-ADA (1)	4205	0.534455%
R3-A (18)	1205, 1305, <u>1405, 1505, 1605</u> , 2208, 2308, 2408, 2508, 2608, <u>5104, 5204, 5304, 5404,</u> <u>5504, 6102, 6202, 6302</u>	0.714229%
R3-A1 (12)	2204, 2304, <u>2404, 2504, 2604, 2704, 5102,</u> <u>5202, 5302, 5402, 5502, 5602</u>	0.714229%
R3-A2 (5)	<u>1204, 1304, 1404, 1504, 1604</u>	0.714229%
R3-B (13)	2103, 2203, <u>2303, 2403, 2503, 5101, 5201,</u> <u>5301, 5401, 5501, 6101, 6301, 6401</u>	0.743679%
R3-B-ADA (1)	<u>6201</u>	0.743679%
R3-B1 (12)	2206, 2306, 2406, 2506, 2606, 2706, 5103, <u>5203, 5303, 5403, 5503, 5603</u>	0.743679%
R3-B2 (10)	1103, <u>1203</u> , 1303, <u>1403</u> , 1503, 2202, 2302, <u>2402, 2502</u> , 2602	0.743679%
R3-B3 (5)	<u>1102, 1202</u> , 1302, <u>1402</u> , 1502	0.743679%
R3-C (8)	<u>1101, 1201, 1301, 1401, 2101, 2201, 2301, 2401</u>	1.038436%
Beach Club CA (1)		1.564205%
General Store CA (1)		0.236369%

Apartment Type (Number of Units)	Apartment Number*	Undivided Common Interest of Each Apartment**
Model Unit CA (1)		0.646878%
Resale Space CA (1)		0.022792%
Sales Gallery CA (1)		2.290962%

\* Apartment numbers in **bold** and underlined above are the Units that are covered by this Public Report.

\*\* The Common Interest for each Apartment was assigned by the Developer taking into account the net interior square footage ("net area") that each Apartment bears to the aggregate net area of all Apartments in the Project.

**END OF EXHIBIT E**

## EXHIBIT F

### COMMON ELEMENTS

Under the Restated Declaration, the common elements of the Project include, but are not limited to:

1. The Land in fee simple and any appurtenances thereto.
2. All perimeter or party walls and the undecorated or unfinished surfaces thereof (except for the storefronts of the Commercial Apartments, as applicable, which are considered a part of such Commercial Apartments), any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, escalators, exterior stairs and stairways, main walls, roofs and ceilings and the undecorated or unfinished surfaces thereof.
3. All perimeter doors, door frames, windows, window frames, and all hardware associated therewith, and the undecorated or unfinished interior surfaces thereof, whether at the perimeter of a building structure or at the perimeter of an apartment.
4. All yards, grounds and landscaping, any unimproved areas, and all trash enclosures within the Project.
5. All roads, driveways and parking areas, as shown on the Restated Condominium Map, access lanes, paved areas, ramps, loading areas and walkways within the Project.
6. All swimming pools, whirlpool spas, deck areas, including, without limitation, the Pool Bar and the Pool Grille, the Kid's Club and all other amenities and improvements, to the extent such areas are not otherwise designated as Commercial Apartments or otherwise on the Restated Condominium Map.
7. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, PBX system, water, gas, sewer, storm water, refuse, cable television and television signal distribution.
8. Those areas of the Arrival Building designated on the Restated Condominium Map as "General Common Elements," all maintenance and storage areas and other similar areas which are not part of an Apartment.
9. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus.
10. All interior areas of the Project commonly referred to in the hotel industry as "back-of-house," to the extent such areas are not otherwise characterized and defined in the Restated Declaration as Commercial Apartments.
11. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
12. All other areas designated as "General Common Elements" or "General Common Elements – Reserved" on the Restated Condominium Map, or that are not designated as an apartment or as a limited common element appurtenant to an apartment.

**END OF EXHIBIT F**



## EXHIBIT G

### LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein called the "limited common elements," are designated, set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as set forth in the Restated Declaration. The costs and expenses of every description pertaining to the limited common elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the limited common elements, shall be charged to the owner of the apartment to which the limited common element shall be appurtenant, and if there is more than one apartment to which the limited common element shall be appurtenant, then in proportion to the common interest appurtenant to each of the respective apartments, unless a different method is adopted pursuant to Article IX of the Restated Declaration. Limited common elements which are appurtenant to more than one apartment shall be managed and maintained by the managing agent on behalf of the owners of such apartments. In the event that a dispute shall arise between owners of apartments to which a particular limited common element shall be appurtenant with respect to the management and/or maintenance thereof, such dispute shall be resolved by the managing agent, which shall be the sole arbiter with respect to such matters. All of the owners of Commercial Apartments to which a limited common element is appurtenant may build upon and/or alter any such limited common element, may change the use of such limited common element, may lease any limited common element area, and, in the event that any revenues are generated from such limited common element or improvements thereon or uses thereof, the owner or owners of the Commercial Apartment or Commercial Apartments to which such limited common element is appurtenant shall be entitled to such revenues, and no other apartment owner shall have any right thereto.

1. **THE RESORT APARTMENTS.** The Resort Apartments (which include all of the Units that are covered by this Public Report) shall have appurtenant thereto, as limited common elements:

- a. All public areas of each building in which a Resort Apartment shall exist, including hallways, stairwells, and housekeeping and laundry closets.
- b. The building structure of each building in which a Resort Apartment is located.
- c. The Lanai areas, if any, adjacent to specific Resort Apartments, as depicted on the Restated Condominium Map and identified in Exhibit "B" attached to the Restated Declaration.
- d. Parking stalls, if any, identified in Exhibit "B" attached to the Restated Declaration.
- e. Parking stall number 175s, which is the additional available limited common element parking stall available for Resort Apartment owners and their guests.
- f. Any area identified on the Restated Condominium Map as a "Resort Apartment Limited Common Element" even if not otherwise described in the foregoing narratives "a" through "d".

2. **RESORT APARTMENT NO. 1205.** Resort Apartment No. 1205 shall have appurtenant thereto, as a limited common element, the landscaped yard area adjacent to such apartment as depicted on the Restated Condominium Map.

3. **BEACH CLUB COMMERCIAL APARTMENT.** The Beach Club Commercial Apartment shall have appurtenant thereto, as limited common elements, the following areas and such other areas as may be depicted on the Restated Condominium Map as "Commercial Limited Common Elements."

a. The building structure of Building 1 (which is also a limited common element appurtenant to the Resort Apartments located in Building 1).

b. All swimming pool areas immediately adjacent to the Beach Club Commercial Apartment.

c. All landscaped, waterscaped and outdoor walkways and paved areas, whether open or covered, identified as Commercial Limited Common Elements on the Restated Condominium Map or in the Restated Declaration.

d. The Beach Shack depicted on the Restated Condominium Map.

e. Any area immediately adjacent to the Beach Club Commercial Apartment and identified on the Restated Condominium Map as a Commercial Limited Common Element, even if not otherwise described in the foregoing narratives "a" through "d."

4. **SALES GALLERY COMMERCIAL APARTMENT.** The Sales Gallery Commercial Apartment shall have appurtenant thereto, as limited common elements, the areas immediately adjacent thereto and identified as Commercial Limited Common Elements on the Restated Condominium Map.

5. **MODEL UNIT COMMERCIAL APARTMENT.** The Model Unit Commercial Apartment shall have appurtenant thereto, as limited common elements, the areas immediately adjacent thereto and identified as Commercial Limited Common Elements on the Restated Condominium Map.

6. **GENERAL STORE COMMERCIAL APARTMENT.** The General Store Commercial Apartment shall have appurtenant thereto, as limited common elements, the two (2) swimming pool areas adjacent to Building 6 as depicted on the Restated Condominium Map.

**END OF EXHIBIT G**

## EXHIBIT H

### ENCUMBRANCES AGAINST TITLE

1. Real property taxes and assessments, general and special, which are a lien, not yet payable, delinquent or otherwise, for Tax Map Key No. (2) 4-2-004-028, CPR Nos. 1, 2, 4-7, 9, 12, 14-18, 21-25, 27, 33, 35, 39, 40, 42, 45-47, 51, 54, 118, 119, 121, 122, 124-151.
2. AS TO PARCEL FIRST (HOTEL PARCEL):
  - a. Title to all mineral and water rights reserved to the State of Hawaii, as reserved in Royal Patent Number 2236 issued on Land Commission Award Number 8522-B, Apana 1 to Kale Davis and as reserved in Royal Patent Number 1663, Apana 1 issued on Land Commission Award Number 5524, Apana 1 to L. Konia.
  - b. As to the portion of the land bordering on the ocean, the effect of Sections 205A-41-205A-49, inclusive, Hawaii Revised Statutes, as now or thereafter amended, pertaining to shoreline setbacks. Any adverse claim of the State of Hawaii based upon the contention that some portion of the land lies seaward of the line of vegetation, pursuant to the ruling of County vs. Sotomura (1973) 55 H. 176, 517 P. 2d 57.
  - c. The terms and provisions contained in the Easement, Grant and Cancellation, dated July 20, 1978, for perpetual, nonexclusive easements for road access and utility purposes over portions of the Project land, said easements being designated as Easements "E-3-B", containing an area of 23,927 square feet, more or less, and Easement "E-3-D", containing an area of 396 square feet, more or less, in favor of the United States of America, recorded in the Bureau in Book 13033, Page 766.  
  
By Subordination Agreement and Consent, dated May 3, 1978, recorded in Book 13034, Page 1, that certain easement granted by instrument recorded in Book 11443, Page 479 was subordinated to Easements E-3-B and E-3-D.  
  
Partial Cancellation of Easement, dated July 1, 2009, recorded as Document No. 2009-154005.
  - d. The terms and provisions contained in the Private Water System Agreement, dated November 20, 1987, made by and between Maui Land & Pineapple Company, Inc., a Hawaii corporation ("Owner"), The KBH Company, a California limited partnership ("Developer"), and the County of Maui and its Department of Water Supply ("County"), recorded in the Bureau in Book 21596, Page 691.  
  
The above agreement was by mesne assignments assigned to YCP Kapalua Operator, Inc., a Delaware corporation, by instrument dated September 5, 1996, recorded as Document No. 96-128041.
  - e. Easements as shown on the survey map prepared by Eric H. Yamashige, with Warren S. Unemori - Engineering, Inc., dated December 14, 1989:
    - (i) Easement E-3-B-4 for access purposes;
    - (ii) Easement E-4-A for access purposes;
    - (iii) Easement E-3-B-3 for access purposes.
  - f. Activity shacks and another improvement known as "Cliff House", guardrail, wood steps, stonewall, concrete bench, spot light stand, wooden fences, drain outlet, concrete pad,

concrete walkway and chain fence, which are located within the 40-foot shoreline setback, as shown on the survey map prepared by Bruce R. Lee, Registered Professional Land Surveyor, with Newcomer - Lee Land Surveyors, Inc., dated January 19, 1993.

- g. Footpath over the northeasterly corner of the subject parcel which is used by the general public to get to and from the public beach, as noted on survey map prepared by Bruce R. Lee, Registered Professional Land Surveyor, with Newcomer - Lee Land Surveyors, Inc., dated September 18, 1995, revised September 17, 1996.
- h. Easements as shown on the survey map prepared by Reed. M. Ariyoshi, with Warren S. Unemori - Engineering, Inc., dated January 14, 1999, last revised on December 14, 1999, to-wit:
  - (i) Easement U-3 for electrical purposes;
  - (ii) Easement E-3-D for access purposes;
  - (iii) Easement U-5 for electrical purposes.
- i. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515-6 of the Hawaii Revised Statutes, as contained in the Warranty Deed with Reservations and Covenants, dated August 31, 2004, recorded in the Bureau as Document No. 2004-178884.  
  
Termination of Warranty Deed Reservations, recorded in the Bureau on May 2, 2006 as Document No. 2006-082347.
- j. A Grant of Easement for Access Purposes for a perpetual non-exclusive easement for pedestrian and vehicular access to and from Honoapiilani Highway to the "Spa Parcel" (TMK (2) 4-2-004-027) over Easement A-4, in favor of Maui Land & Pineapple Company, Inc., a Hawaii corporation, recorded May 2, 2006 in the Bureau as Document No. 2006-082345.
- k. Grant of Easement for Pedestrian Access Purposes for a perpetual nonexclusive easement for pedestrian access over Easement A-5, in favor of Maui Land & Pineapple Company, Inc., a Hawaii corporation, recorded May 2, 2006 in the Bureau as Document No. 2006-082346.

3. AS TO PARCEL SECOND (PARKING LOT PARCEL):

- a. Title to all mineral and water rights reserved to the State of Hawaii.
- b. Easement E-4, containing an area of 9,951 square feet, and Easement E-5, containing an area of 8 square feet, more or less, for ingress and egress in favor of Lot A-6, as granted by Lease recorded in Book 11515, Page 279, and as disclosed by Declaration of Horizontal Property Regime Bay Villas, dated January 14, 1977, recorded January 25, 1977 in the Bureau in Book 11975, Page 242.

- c. Designation of Easement E-4-B for access and utility purposes, as shown on Subdivision Map prepared by Eric H. Yamashige, with Warren S. Unemori – Engineering, Inc., dated December 14, 1989.
  - d. Restriction of vehicular access rights along Lower Honoapiilani Road, as shown on survey map prepared by Reed M. Ariyoshi, with Warren S. Unemori – Engineering, Inc., dated January 14, 1999, last revised on December 14, 1999.
  - e. Easements, Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515-6 of the Hawaii Revised Statutes, as contained in the Warranty Deed with Reservations and Covenants, recorded August 31, 2004 in the Bureau as Document No. 2004-178885.
4. Grant in favor of Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, now known as Hawaiian Telcom, Inc., dated May 7, 1976, recorded in Book 11443, Page 479, for utility purposes.

Said Grant was amended by instruments dated August 5, 1981, recorded in Book 16030, Page 319, and dated August 21, 1985, recorded in Book 18998, Page 100.

5. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Covenants and Restrictions recorded December 30, 1976 in the Bureau in Book 11922, Page 26.

The foregoing was amended and/or supplemented by instruments dated August 14, 1985, recorded in Book 19005, Page 629; dated June 16, 1977, but effective June 22, 1977, recorded June 28 1977 in Book 12291, Page 406; dated January 12, 1979, but effective January 1, 1979, recorded February 23, 1979 in Book 13502, Page 442; dated June 21, 1979, recorded June 26, 1979 in Book 13796, Page 741; recorded October 15, 1985 in Book 19005, Page 629; dated April 5, 1990, recorded as Document No. 90-049427; and dated May 23, 1991, recorded as Document No. 91-067724.

Said Declaration was amended and restated by instrument recorded in Book 21185 Page 173.

The foregoing amended and restated Declaration was amended and or supplemented by instruments dated December 6, 1989, recorded December 18, 1989 in Book 24012, Page 17; recorded April 6, 1990 as Document No. 90-049427; recorded September 13, 1990 as Document No. 90-142160; dated October 18, 1990, recorded October 22, 1990 Document No. 90-164621; recorded May 24, 1991 as Document No. 91-067724; dated October 4, 1999, recorded October 5, 1999 as Document No. 99-160407, May 6, 2003 as Document No. 2003-084252, March 12, 2004 as Document No. 2004-051724, August 27, 2004 as Document No. 2004-175952, September 21, 2005 as Document No. 2005-190294, June 19, 2007 as Document No. 2007-109432 and March 6, 2009 as Document No. 2009-034141 of Official Records.

Fourth Amendment to Amended and Restated Declaration of Covenants and Restrictions, dated November 29, 2006, recorded as Document No. 2007-109432.

The foregoing includes, but is not limited to, a transfer assessment applicable to the Kapalua Bay Condominium.

Fifth Amendment to Amended and Restated Declaration of Covenants and Restrictions, dated December 12, 2008, recorded as Document No. 2009-034141.

The foregoing includes, but is not limited to, matters relating to association liens which may be superior to certain mortgages and certain water or sewer easements.

6. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the Declaration of Covenants, Conditions and Restrictions with Authorization of Time Share and Transient Vacation Rentals recorded August 31, 2004 in the Bureau as Document No. 2004-178883, of Official Records.
7. Grant of Easements for Shoreline Access and Recreational Use, granting an easement to Kapalua Resort Association, a Hawaii nonprofit corporation, for a perpetual non-exclusive easement for pedestrian access over Easement A-1 and Easement A-2, recorded May 2, 2006 in the Bureau as Document No. 2006-082343.
8. Grant of Easements for Cliff House Access and Recreational Use, granting easements in favor of Maui Land & Pineapple Company, Inc., a Hawaii corporation, recorded May 2, 2006 in the Bureau as Document No. 2006-082344.
9. Grant of Easements for Waste Treatment Purposes for a sewage disposal system over Easement S-1 and Easement S-2, in favor of Kapalua Waste Treatment Company, Ltd., a Hawaii corporation, recorded May 2, 2006 in the Bureau as Document No. 2006-082389.
10. Grant of Easements for Water Utility Purposes for waterline system purposes over Easement W-1 and Easement W-2, in favor of Kapalua Water Company, Ltd., a Hawaii corporation, recorded May 2, 2006 in the Bureau as Document No. 2006-082390.
11. Kapalua Bay Condominium Map No. 4222, as amended.
12. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime of Kapalua Bay Condominium. Said Declaration was recorded May 3, 2006 in the Bureau as Document No. 2006-083256.

The foregoing Declaration was amended by instrument recorded November 15, 2006 as Document No. 2006-208339, December 10, 2007 as Document No. 2007-212730, May 6, 2009 as Document No. 2009-068617, July 14, 2009 as Document No. 2009-107544 thru 2009-107545, February 19, 2010 as Document No. 2010-022936, November 18, 2010 as Document No. 2010-178152, and June 30, 2011 as Document No. 2011-102350.

Commissioner's Quitclaim Assignment of Developer Rights in favor of Island Acquisitions Kapalua LLC, recorded June 13, 2013 in the Bureau as Document No. A-49120360.

The foregoing Declaration was amended by the Amended and Restated Declaration of Condominium Property Regime of Kapalua Bay Condominium and Amended and Restated Condominium Map No. 4222, dated March 7, 2014, recorded March 17, 2014 in the Bureau as Document No. A-51890035. The Amended and Restated Declaration was supplemented by Supplement to Amended and Restated Declaration of Condominium Property Regime of Kapalua

- Bay Condominium and Amended and Restated Condominium Map No. 4222, dated March 7, 2014, recorded April 30, 2014 in the Bureau as Document No. A-52330311.
13. The terms and provisions contained in or incorporated by reference in the By-Laws of Association of Apartment Owners of Kapalua Bay Condominium. Said By-Laws were recorded May 3, 2006 in the Bureau as Document No. 2006-083257.
- The foregoing By-Laws was amended by First Amendment to Bylaws of Association of Apartment Owners of Kapalua Bay Condominium, dated October 15, 2010, recorded as Document No. 2010-157550.
- Commissioner's Quitclaim Assignment of Developer Rights in favor of Island Acquisitions Kapalua LLC, recorded June 13, 2013 as Document No. A-49120360.
- The foregoing By-Laws was amended by the Amended and Restated By-Laws of Association of Apartment Owners of Kapalua Bay Condominium, dated March 7, 2014, recorded March 17, 2014 in the Bureau as Document No. A-51890036.
14. Utility Easement in favor of Maui Electric Company, Limited, a Hawaii corporation, and Hawaiian Telcom, Inc., a Hawaii corporation, recorded January 24, 2008 in the Bureau as Document No. 2008-010937.
15. Grant of Easements for Water Utility Purposes, in favor of Kapalua Bay Company, Ltd, a Hawaii corporation, recorded October 7, 2009 in the Bureau as Document No. 2009-154008.
16. Grant of Easement for Drainage Purposes, in favor of Kapalua Waste Treatment Company, Ltd., a Hawaii corporation, recorded October 7, 2009 in the Bureau as Document No. 2009-154011.
17. Terms, provisions, reservations, covenants, conditions and restrictions contained in Memorandum of Concession Agreement, Lease and Shared-Use Agreement, dated April 14, 2014, recorded in the Bureau as Document No. A-52420168, which provides public notice of the Concession Agreement, Lease and Shared-Use Agreement referenced in the Special Attention section, which begins on page 1 of this Public Report.
18. Survey plat prepared by Reed M. Ariyoshi, Licensed Professional Land Surveyor, Certificate No. 6597, on March 20, 25-26, April 1, 6-7, June 15-18, 22-30 and July 1-2, 6-10, 2009, and June 6, 2013 designated Job No. (NONE), as follows:
- a. Existing Access and Utility Easement E-3-B-1, E-3-B-2, E-3-B-3 and E-3-B-4, in favor of Lot Owners fronting said easements (unrecorded)
  - b. Existing Roadway Easements E-4-A and E-4-B in favor of Lot Owners fronting said easements (unrecorded)
19. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
20. Any unrecorded leases and matters arising from or affecting the same.
21. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land.

**END OF EXHIBIT H**

## EXHIBIT I

### **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 Restated Declaration.

A. **RESERVED RIGHT TO GRANT EASEMENTS.** This right is set forth at Article XIX of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to grant easements over the common elements of the Project.

B. **RESERVED RIGHT TO DEVELOP, CONSTRUCT AND ANNEX ADDITIONAL LAND AND/OR APARTMENTS TO THE PROJECT.** This right is set forth at Article XX of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to annex (or add) additional land and/or apartments to the Project.

C. **RESERVED RIGHT TO SUBDIVIDE AND CONSOLIDATE APARTMENTS.** This right is set forth at Article XXI of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to change the floor plan of any apartment which it owns so long as the common interest appurtenant to the apartment does not change; subdivide any Apartment which it owns at any time to create two or more apartments so long as the total common interest appurtenant to the newly created apartments shall equal the common interest appurtenant to the original apartment; convert certain portions of an existing apartment to common element status to facilitate the subdivision, provided the total common interest appurtenant to the newly created apartment(s) equal the common interest appurtenant to the original apartment; and consolidate two or more apartments which it owns and convert any area between the apartments to apartment status.

D. **RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO APARTMENTS.** This right is set forth at Article XXII of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to convert the status or nature of a limited common element appurtenant to apartments owned by the Developer, or any part of such apartments, into a separate apartment of the Project and to change the physical aspects of the limited common element at the Developer's expenses in connection with such a conversion, including building such structures as may be necessary or appropriate.

E. **RESERVED RIGHT TO RECHARACTERIZE LIMITED COMMON ELEMENTS.** This right is set forth at Article XXIII of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to recharacterize and redesignate certain limited common elements as may be appurtenant to a Commercial Apartment owned by the Developer as common elements of the Project.

F. **RESERVED RIGHT TO MODIFY PROJECT.** This right is set forth at Article XXV of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to effect all modifications to apartments and common elements in the Project as may be necessary or required by the Developer in its sole discretion, or to effect compliance by the Project, the Association and any association of vacation owners or timeshare owners or by the Developer, with laws which apply to the Project, including the Fair Housing Act, as amended, 42 U.S.C. §§3601 *et seq.*, including all rules and regulations adopted under it, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 *et seq.*, including all rules and regulations adopted under it.

G. **RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS.** This right is set forth at Article XXVI of the Restated Declaration. If the Developer is the owner of a Commercial Apartment, then the Developer will have, among other things, the right to operate lease and/or utilize all or any part of the limited common elements of the Project that are appurtenant to such a Commercial Apartment for any purpose permitted by law, including the provision of services and amenities conducive to a hotel and resort destination having a Five Diamond Standard.



**H. RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS.** This right is set forth at Article XXVII of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to amend the Restated Declaration to designate all or a portion of certain limited common elements appurtenant to an apartment owned by the Developer, as appurtenances to another apartment or apartments owned by the Developer.

**I. RESERVED RIGHT REGARDING SPECIAL MANAGEMENT AREA USE PERMIT AND OTHER PERMITS.** This right is set forth at Article XXVIII of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to amend the Restated Declaration, to enter into any agreements and to do all things necessary and convenient to satisfy the requirements of Special Management Area Use Permit (SM1 2005/0004); Step 1 and Step 2 Planned Development Applications (PD1 2005/0003) (PD2 2005/0003); and Shoreline Setback Variance (SSV 2005/0002), and any other permit or entitlement required for the construction and development of the Project.

**J. RESERVED RIGHT TO SUBDIVIDE AND/OR TO CONSOLIDATE AND RESUBDIVIDE, WITHDRAW AND CONVEY LAND AND/OR APARTMENTS.** This right is set forth at Article XXIX of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to subdivide and/or to consolidate and resubdivide and withdraw from the operation of the Restated Declaration, all or any portion of the land underlying, and the apartments in, the Project. In connection with such right, the Developer shall have the further reserved right to do all things necessary or proper to effectuate such subdivision and/or consolidation and resubdivision and withdrawal and conveyance of apartments.

**K. RESERVED RIGHT TO CONVEY APARTMENTS AND LIMITED COMMON ELEMENTS TO ASSOCIATION.** This right is set forth in Article XXX of the Restated Declaration. The Developer will have, among other things, the right, until December 31, 2026, to convey apartments (including, without limitation, the Sales Gallery Commercial Apartment) owned by the Developer and free and clear of liens to the Association which the Association shall duly accept, and to redesignate limited common elements appurtenant to apartments owned by the Developer to apartments owned by the Association, and, to the extent necessary or convenient, to amend the Restated Declaration and the Restated Condominium Map to effect such changes.

**L. ASSIGNMENT OF RESERVED RIGHTS.** Pursuant to Article XXXI of the Restated Declaration, the rights reserved by the Developer are fully assignable, in whole or in part.

**M. RECALCULATION OF COMMON INTERESTS.** It may be necessary to recalculate the common interests appurtenant to the apartments in the Project upon the exercise of certain of the Developer's reserved rights. The method by which the common interests would be recalculated is set forth in Article XXIV of the Restated Declaration.

Each and every party acquiring an interest in the Project, by such acquisition, consents to the Developer's exercise of its reserved rights and to the execution, delivery and recording (if necessary) of any and all documents necessary to effect these rights, including any amendment or amendments of the Restated Declaration and the Restated Condominium Map, agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints the Developer and its assigns as such party's attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such other things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of these reserved rights, and shall not be affected by the disability of such party or parties.

**END OF EXHIBIT I**

EXHIBIT J

**ESTIMATES OF MAINTENANCE FEES**  
**FOR UNITS COVERED BY THIS PUBLIC REPORT**

Kapalua Bay Condominium		
Apartment Type*	Monthly Fee (per Unit)**	Yearly Total (per Unit)**
R3-A	\$3,338.25	\$40,059.00
R3-A1	\$3,338.25	\$40,059.00
R3-A2	\$3,338.25	\$40,059.00
R3-B	\$3,423.25	\$41,079.00
R3-B-ADA	\$3,423.25	\$41,079.00
R3-B1	\$3,423.25	\$41,079.00
R3-B2	\$3,423.25	\$41,079.00
R3-B3	\$3,423.25	\$41,079.00
R3-C	\$3,757.25	\$45,087.00

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

\* See Exhibits B and E for a list of apartments by Apartment Type.

\*\*Each Unit's assessment cannot be computed simply by multiplying its percentage common interest by the totals shown below. For more information, see Note (5) on page 3 of this Exhibit J..

Each Unit owner shall become obligated to start paying the maintenance fees allocated to the Unit (including the Unit's share of the common expenses) upon taking title to the Unit at closing.

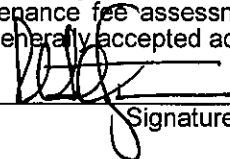
The fees referenced above do not include the costs of, or changes for, any of the following utility services: electricity, gas, water, sewer and TV cable. For further information, see the paragraph on "Utilities" on page 19 of this Public Report.

Purchasers should note that the maintenance fee estimates reflected in this Exhibit J are expected to change as a result of cost-sharing assessments that will be performed by the Association and Montage pursuant to the Concession Agreement.

**Estimate of Maintenance Fee Disbursements:**

	<u>Monthly Fee x 12 months = Yearly Total</u>	
<b>Utilities and Services</b>		
Electricity (common elements only)	\$ 51,476.34	\$ 617,716.08
Elevator	\$ N/A	\$ N/A
Gas (common elements only)	\$ 5,774.50	\$ 69,294.00
Refuse Collection	\$ 926.34	\$ 11,116.08
Telephone	\$ N/A	\$ N/A
Water and Sewer (common elements only)	\$ 8,622.67	\$ 103,472.04
Cable Television (common)	\$ 236.42	\$ 2,837.04
Internet (Wireless) (common)	\$ 1,205.34	\$ 14,464.08
<b>Maintenance, Repairs and Supplies</b>		
Maintenance (shared)	\$ 36,537.67	\$ 438,452.04
Swimming Pool Maintenance	\$ 6,607.67	\$ 79,292.04
Housekeeping (common)	\$ 12,589.92	\$ 151,079.04
Landscaping	\$ 24,041.42	\$ 288,497.04
Pest Control	\$ 778.84	\$ 9,346.08
<b>Management</b>		
Management Fee	\$ 17,224.09	\$ 206,689.08
Loss Prevention (shared)	\$ 20,128.50	\$ 241,542.00
Legal Services	\$ 9,271.67	\$ 111,260.04
Accounting	\$ 5,830.75	\$ 69,969.00
Administration	\$ 7,620.00	\$ 91,440.00
Board of Directors	\$ 695.42	\$ 8,345.04
Human Resources	\$ 3,140.84	\$ 37,690.08
<b>Services, Activities</b>		
Activities	\$ 2,991.50	\$ 35,898.00
Guest Services	\$ 5,494.59	\$ 65,935.08
Members Lounge	\$ 1,026.50	\$ 12,318.00
Residential Services	\$ 0	\$ 0
<b>Insurance</b>		
Incentive Fee – Insurance	\$ 41,158.09	\$ 493,897.08
	\$ 2,020.84	\$ 24,250.08
<b>Reserves(1)</b>		
Reserve Study(2)	\$ 25,033.50	\$ 300,402.00
	\$ 695.42	\$ 8,345.04
<b>Audit Fee</b>		
	\$ 556.34	\$ 6,676.08
<b>Other</b>		
Reimbursement – Food & Beverage	(\$ 6,792.00)	(\$ 81,504.00)
Fees – Community Association (3)	\$ 2,356.42	\$ 28,277.04
Fees – The Kapalua Club (4)	\$ 6,999.59	\$ 83,995.08
<b>TOTAL(5)</b>	<u>\$ 294,249.19</u>	<u>\$3,530,990.28</u>

I, Richard A. Holtzman employed by Montage Hotels & Resorts LLC, the managing agent for the Kapalua Bay Condominium condominium project, hereby certify that the above estimates of maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
\_\_\_\_\_  
Signature

5.28.14  
\_\_\_\_\_  
Date

Notes:

---

(1) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514B-148(a), HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

(2) The Board has not approved a new reserve study. The last reserve study for the Project was performed in May 2012 by Armstrong Consulting at the request of the Ritz-Carlton Management Company LLC. No change was made to the Reserves that were being collected prior to this budget being prepared.

(3) "Fees - Community Association" - These fees are annual dues the Association is collecting on behalf of, and as an accommodation to, the Kapalua Resort Association ("KRA") in connection with each Resort Apartment Owners' ownership of a Resort Apartment, including the Units covered by this Public Report, but excluding Club Units.

(4) "Fees - The Kapalua Club" - These fees are annual dues the Association collects and anticipates it will continue to collect on behalf of The Kapalua Club from the owners of 13 Units not covered by this Public Report. If the Purchaser of any Unit covered by this Public Report joins The Kapalua Club, then such Purchaser would be billed directly by The Kapalua Club, and such fees would not be part of this budgeted line item.

(5) Each Unit's maintenance fee assessment cannot be computed simply by multiplying its percentage common interest by the totals shown in this Exhibit J. Rather, pursuant to Articles III and IX of the Restated Declaration, the common expenses of the Project (and, thus, each Unit's maintenance fee assessments) are allocated among the Unit owners in a fair and equitable manner based on a formula or method implemented by the managing agent. The Association's board of directors has delegated to Montage, as the Project's current managing agent, the power to allocate the Project's common expenses for purposes of determining each Unit's maintenance fee assessment.

Expenses are allocated by Montage based on different allocation methodologies and factors, including (a) the relative size of a Unit, (b) the type of occupancy allowed in the Unit, and (c) the number of Units in each type of occupancy. The various methodologies and factors are then applied based on the type of expense at issue. For example, Hotel front desk expenses are allocated by occupancy under the premise that the Club Units have a higher general occupancy than the Resort Apartments (e.g., fractionally owned Units and Hotel rooms are used more often than Resort Apartments). In contrast, security is applied on a unit-mix basis, because security applies to the entire Project and all Unit owners share the benefit of the security on a unit-by-unit basis. Allocation methodologies and factors are evaluated periodically and, thus, are subject to change from time-to-time, which means that the resulting common expense allocations and maintenance fee assessments are subject to change as well.

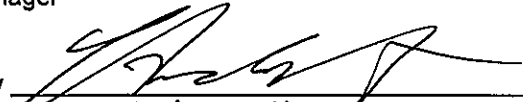
Purchasers shall be obligated to start paying maintenance fees upon the closing of the purchase of their Unit.

Developer's Explanation Regarding Replacement Reserve Figure

In arriving at the figure for "Reserves," as set forth in this Exhibit J to the Developer's Public Report for a Condominium, neither Island Acquisitions Kapalua LLC (the Developer) nor Montage Hotels & Resorts LLC (the Project's managing agent) conducted a reserve study in accordance with HRS § 514B-148(a) or HAR § 16-107-65. The figure is from the amount set forth for Reserves in the Project's 2012 budget prepared by (or on behalf of) the Ritz-Carlton Management Company LLC.

ISLAND ACQUISITIONS KAPALUA LLC,  
a Delaware limited liability company

By: Lantern Asset Management, LLC  
Its: Manager

By   
Name: L. ANDY MITCHELL  
Title: PRESIDENT  
Date: 5/27/2014

## EXHIBIT K

### SUMMARY OF PURCHASE AGREEMENT

Capitalized terms have the same meaning as ascribed to such terms in the specimen Kapalua Bay Condominium Sales Contract and Deposit Receipt (the "Purchase Agreement").

The Purchase Agreement, filed with the State of Hawaii Real Estate Commission, provides for, among other things, a description of the Apartment to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, and the remedies of the Seller and of the Purchaser in the event of a default under the Purchase Agreement.

Among other provisions the Purchase Agreement provides:

1. Until all items listed in Section 514B-86(a)(1) of the Act have been delivered by the Seller to the Purchaser and the Purchaser has waived its right to cancel the Purchase Agreement or is deemed to have waived its right to cancel the Purchase Agreement, the Purchase Agreement shall not be binding on the Seller or the Purchaser. The Purchase Agreement may be terminated at any time before it is rendered a binding contract, with or without cause, at the option of either the Purchaser or the Seller. In the event of such termination, all payments made by the Purchaser under the Purchase Agreement shall be refunded to the Purchaser in full and the provisions of the Purchase Agreement shall be of no further force or effect.

2. Pursuant to Section 514B-86 of the Act, the Purchase Agreement shall not be binding on the Seller or the Purchaser until the following have occurred: (a) the Seller has delivered to the Purchaser (i) a copy of this Public Report (and all applicable amendments and components), (ii) the recorded Restated Declaration (and all applicable amendments), (iii) the recorded Restated Bylaws (and all applicable amendments), (iv) the Project Rules (and all applicable amendments), (v) a letter-sized copy of the Restated Condominium Map (and all applicable amendments) or a written notice of an opportunity to examine the Restated Condominium Map, and (vi) a notice of the Purchaser's 30-day cancellation right on a form prescribed by the Real Estate Commission (the "Notice"), upon which the Purchaser may indicate that the Purchaser has had an opportunity to read the Public Report, understands the Public Report, and exercises the right to cancel or waives the right to cancel; and (b) the Purchaser has waived the right to cancel the Purchase Agreement or is deemed to have waived the right to cancel the Purchase Agreement pursuant to Section 514B-86 of the Act.

3. Pursuant to Section 514B-86(b) of the Act, the Purchaser may cancel the Purchase Agreement at any time up to midnight of the 30<sup>th</sup> day after (a) the date that the Purchaser signs the Purchase Agreement and (b) all of the items specified in Section 514B-86(a)(1) of the Act (including the Public Report and the Notice) have been delivered to the Purchaser.

4. Pursuant to Section 514B-86(c) of the Act, the Purchaser may waive the right to cancel the Purchase Agreement, or shall be deemed to have waived the right to cancel the Purchase Agreement, by either (a) indicating Purchaser's acceptance of the Public Report by waiving Purchaser's right to cancel on the Notice of Right to Cancel and returning the filled-out Notice of Right to Cancel to Seller, OR (b) not executing and returning the Notice of Right to Cancel within thirty (30) days of the date of delivery of the Notice of Right to Cancel to Purchaser, OR (c) accepting conveyance of the Unit within thirty (30) days after the date of delivery of the Public Report, Receipt Form and Notice of Right to Cancel to Purchaser.

5. The Seller has entered into an Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with Escrow of all funds paid by the Purchaser under the Purchase Agreement and the disbursement of the funds by Escrow. Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.

6. The Purchase Agreement requires the Purchaser to pay the Total Purchase Price by making at least two payments prior to Closing. Such payments include the deposit made when Purchaser signs the Purchase Agreement. Purchaser shall see that the remaining balance of the funds comprising the Total Purchase is paid before Closing.

7. The Purchase Agreement provides that Purchaser will not receive interest on Purchaser's Deposits.

8. Purchaser's obligations under the Purchase Agreement are not contingent or conditional on Purchaser's ability to secure financing from a mortgage lender. Financing by Seller of any portion of the Total Purchase Price is not available.

9. The Purchase Agreement provides that Purchaser shall pay for closing costs and expenses.

10. The Purchase Agreement provides that it shall not be construed as a present transfer of any rights or of any interest in the Apartment, but rather states that it is an agreement to transfer an interest in the future. By execution of the Purchase Agreement, the Purchaser agrees to waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest arising under the Purchase Agreement in favor of the liens or charges on Seller's interests in the Project or the Apartment of the security interests of the Lender, including, but not limited to, any lien, mortgage or other charge securing a loan made to finance Seller's development and/or sale of Seller's interests in the Project or the Apartment and any and all advances therefor until Closing and the recordation of the Apartment Deed.

11. The Purchase Agreement provides that the Purchase Agreement may not be assigned by Purchaser. Any assignment of the Purchase Agreement is void and of no legal effect. There may be certain specific exceptions to the prohibition on assignment of the Purchase Agreement by the Purchaser.

\*\*\*\*\*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE PURCHASE AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THEN THE PURCHASE AGREEMENT WILL CONTROL.

**END OF EXHIBIT K**

## EXHIBIT L

### SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow Agent") has been submitted to the Real Estate Commission. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ, IN FULL, THE ESCROW AGREEMENT, because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents.

The Escrow Agreement contains, among others, the following terms and conditions (which may be modified or otherwise limited by provisions that are not summarized below):

A. When a Purchaser shall enter into a Sales Contract and Deposit Receipt ("Sales Contract") for the purchase of a Unit in the Project, it shall require the payments of deposits due thereunder to be made to Escrow Agent, and that an executed copy of the Sales Contract shall be delivered to Escrow Agent. Developer shall also promptly pay over to Escrow Agent all monies (including checks) received by Developer from or on behalf of the Purchasers in connection with the Sales Contract.

B. Escrow Agent shall receive, deposit and hold in one or more escrow accounts and disburse as set forth in the Escrow Agreement all payments received by it under Sales Contracts. All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow Agent in accordance with the provisions contained in Chapter 514B of the Hawaii Revised Statutes. Escrow Agent shall deposit all funds so received in a federally insured account at a financial institution authorized to do business in the State of Hawaii.

C. Except as may otherwise be set forth in the Escrow Agreement, no disbursement of a Purchaser's funds held by Escrow Agent under the Escrow Agreement shall be made unless and until the following conditions (among others) have been fulfilled:

- (1) the Real Estate Commission (the "Commission") has issued an effective date for a Public Report on the Project;
- (2) the Purchaser has been given a copy of the Public Report (and all other required documents);
- (3) the Purchaser has been given a notice of the Purchaser's 30-day cancellation right, which notice complies with Section 514B-86 of the Act;
- (4) the Purchaser has either waived the Purchaser's right to cancel the Sales Contract or is deemed to have waived the purchaser's right to cancel the Sales Contract; and
- (5) Escrow Agent has been advised that the Sales Contract has become binding and that the requirements of Sections 514B-86 and 514B-87 of the Act have been met.

D. Unless otherwise provided in the Escrow Agreement, each Purchaser shall be entitled to a return of his or her funds, without interest and less any cancellation fee, and Escrow Agent shall pay such funds to such Purchaser if: (i) Seller and the Purchaser make a written request to Escrow Agent to return to the Purchaser the Purchaser's funds held by Escrow Agent; or (ii) either Seller or Purchaser notifies Escrow Agent in writing that it is exercising any option to cancel or rescind the Sales Contract pursuant to any valid right of cancellation or rescission available to the canceling or rescinding party; provided, however, that no funds shall be returned to a Purchaser at the Purchaser's request prior to receipt by Seller of written notice from Escrow Agent of Escrow Agent's intent to make such refund to the Purchaser.

E. If a Purchaser breaches the Sales Contract by failing to make a required payment to Escrow Agent or if a Purchaser fails to perform a matter being handled by Escrow Agent, then Escrow



Agent shall notify Developer of such failure. If Developer then notifies Escrow Agent that Developer has terminated the Sales Contract due to such breach, then Escrow Agent shall treat all funds of the Purchaser as funds of Developer and not as funds of the Purchaser. Then, upon request by Developer, Escrow Agent shall pay such funds to Developer, less any escrow cancellation fee, and such funds shall be considered liquidated damages for Developer.

F. Upon the cancellation of any Sales Contract as specified above, Escrow Agent shall be entitled to a cancellation fee of up to \$250. Depending on the reason for the cancellation, the cancellation fee may be the sole expense of the individual Purchaser and not the obligation of Developer.

\* \* \* \* \*

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, PURCHASER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

**END OF EXHIBIT L**