

October 10, 2025

VIA REGULAR MAIL

Maui County Council c/o Chair Alice Lee Kalana O Maui Building, 8th Floor 200 South High Street Wailuku, Hawaii 9679

Re: Providing Comments on Bill 9, CD1 – A Bill for an Ordinance Amending Chapters 19.12, 19.32, and 19.37, Maui County Code, Relating to Transient Vacation Rentals in Apartment Districts, Including Transient Vacation Rentals Allowed to Continue Under Ordinance 1797 (1989)

Aloha Chair Alice Lee, Vice Chair Yuki Lei Sugimura, and members of the Maui County Council:

This law firm represents a group of concerned homeowners of Kaanapali Royal who wish to provide **comments** regarding Bill 9, CD1.

In addition, the constitutional arguments regarding the "Minatoya List" apartments and the effect of Bill 9, the purpose of this letter is to apprise the County of the unique circumstances surrounding Kaanapali Royal (as well as a few other properties also found in Resort Districts).

Kaanapali Royal is a condominium project built in 1979 and has always operated and held itself out as a short-term rental condominium. Our clients believe that Maui County has always allowed the use of Kaanapali Royal as a short-term rental through 1) documented proof of usage as a short-term rental by Maui County and 2) its geographical location within the Kaanapali Resort District.

County Recognition of Short-Term Rental Usage

Maui County has long intended for Kaanapali Royal to function as a short-term rental property. While it is zoned for residential use, County records indicate that it was permitted for short-term use in the Resort District. This category of rentals not only serves vacationers but also provides essential temporary housing for resort, healthcare, and other specialized workers, a

cheaper alternative to resorts for returning Maui residents and Hawaii ohana with business in Maui, and full-time residents who support the Resort District's operations.

Short-term rentals are integral to a complete and functional resort community, as evidenced by the permits issued to Kaanapali Royal. In 1979, Maui County issued ten (10) building permits for new/addition/alteration clearly describing the project as a "short-term rental." The proposed scope of work included all residential buildings of the project including the 105 condominiums, a recreation building, a maintenance building, a tennis shelter, mechanical buildings, and trash enclosures. These permits demonstrate the County's intent for Kaanapali Royal to operate as a short-term rental and is attached hereto as **Exhibit A**.

Resort Community & Membership in the Kaanapali Operations Association

In 1959, Amfac, Inc. received State approval to develop a resort community encompassing hotels, golf courses, housing, and infrastructure. Kaanapali Royal was built with this vision in mind and has always operated as part of the Kaanapali Beach Resort Area.

The State of Hawaii Real Estate Commission's December 27, 1978 - Preliminary Public Report explicitly references the intended uses of Kaanapali Royal within a hotel or resort context. This report was intended to serve as notice to potential buyers and the wider community about the usage of the property. This also demonstrates the State's recognition of its role in the broader resort ecosystem. A copy of the Public Report is attached hereto as **Exhibit B**.

Kaanapali Royal is also a member of the Kaanapali Operations Association (KOA), which functions as a quasi-municipality for the Resort Area. This relationship includes formal membership, covenants and easements, and operational integration with KOA's resort services. KOA has also submitted a letter dated September 23, 2025, to the Maui County Planning Commission affirming Kaanapali Royal's role in the resort community. This letter is attached hereto as **Exhibit C**.

Historically, Maui County has used a dual-layered approach to the Comprehensive Zoning Ordinance, base zoning designations supplemented by overlay designations or special zoning areas. These overlays introduce additional standards tailored to specific community goals, even in resort communities. Napili Bay Civic Improvement District is one example established in 1964 to support the esthetic development of land. The 2015 Health and Wellness District in West Maui allowed for certain uses within the Kaanapali Resort to foster the healthcare industry. These examples illustrate Maui County's approach to balancing zoning designations with the need of certain communities.

Examples like these show the limitations of Bill 9 and its unintended consequences of a blanket ban on short-term rentals within the Apartment District. Kaanapali Royal plays an integral role in the Resort Community and in supporting Maui County's housing infrastructure. Our client welcomes the opportunity to work towards solutions with the County Council for the benefit of the Kaanapali Royal, the Kaanapali Resort Area, and the County of Maui.

Mahalo for your consideration. If you have any questions, please contact mkopper@hawaiilegal.com.

Very truly yours,

PORTER KIAKONA KOPPER, LLP

H. Maxwell Kopper

Enclosures

CC: Maui County Department of the Corporation Counsel

Case Number	Туре	Status	Issued Date	Description
У.	Building Permit -			
B790673	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790674	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790675	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
150	Building Permit -			
B790676	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790677	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790678	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790679	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -	-	4 -	
B790680	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790681	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL
	Building Permit -			
B790682	New/Addition/Alteration	Closed	4/10/1979	KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL



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PLANNING & PERMITTING
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Permit Number: B790673

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Building Permit - New/Addition/Alteration Status: Closed Project Name:

Applied Date: 04/10/1979 Issue Date: 04/10/1979

District: West Maui Assigned To: Expire Date:

Valuation: \$2,300,000.00 Finalized Date: 04/10/1979

Description: KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL

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Proposed Some of Work APT PLDGS ATO E

Proposed Scope of Work APT BLDGS ATO E BCNV: BEFORE CONVERSION 35 UNIT CONDOMINIUM

Multiple Permits Submittal

Contacts

Check above If multiple permits are to be obtained off of a single set of construction plans.

Proposed use of structure (dwelling, office, etc)

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Proposed use of structure (dwelling, office, etc)

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Permit Number: B790675

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Building Permit - New/Addition/Alteration

Status: Closed

Project Name:

04/10/1979 Applied Date:

04/10/1979 Issue Date:

West Maui

Assigned To:

Expire Date:

District:

Valuation: \$18,000.00 Finalized Date: 04/10/1979

Description:

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Proposed use of structure (dwelling, office, etc)

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Permit Number: B790676

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Type: Bullding Permit - New/Addition/Alteration Status: Closed Project Name:

Applied Date: 04/10/1979 Issue Date: 04/10/1979

District: West Maul Assigned To: Expire Date:

Valuation: \$96,000.00

Description: KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL

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Proposed Scope of Work RECREATION BLDG BCNV: BEFORE CONVERSION RECREATION BLDG

Multiple Permits Submittal

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Proposed use of structure (dwelling, office, etc)

Current use, if existing (dwelling, office, etc)

Describe area (unit#, floor#, entire bldg, etc)

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Finalized Date: 04/10/1979

Permit Number: B790677

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Type: Building Permit - New/Addition/Alteration Status: Closed Project Name:

Applied Date: 04/10/1979 Issue Date: 04/10/1979

District: West Maul Assigned To: Expire Date:

Valuation: \$58,000.00 Finalized Date: 04/10/1979

Description: KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL

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Multiple Permits Submittal

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Proposed use of structure (dwelling, office, etc)

Current use, if existing (dwelling, office, etc.)

Describe area (unit#, floor#, entire bidg, etc)

Square Feet

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³ermit Number: B790678 Permit Details | Tab Elements | Main Menu Building Permit - New/Addition/Alteration Status: Closed Project Name: Applied Date: 04/10/1979 Issue Date: 04/10/1979 District: West Maui Assigned To: Expire Date: \$40,000.00 Valuation: Finalized Date: 04/10/1979 Description: KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL

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'ermit Number: B790680

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Type: Building Permit - New/Addition/Alteration Status: Closed Project Name:

Applied Date: 04/10/1979 Issue Date: 04/10/1979

District: West Maui Assigned To: Expire Date:

Valuation: \$4,000.00 Finalized Date: 04/10/1979

Description: KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL

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Multiple Permits Submittal

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Proposed use of structure (dwelling, office, etc)



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Permit Number: B790681

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Building Permit - New/Addition/Alteration

Status:

Closed

\$4,000.00

Project Name:

Applied Date:

04/10/1979

Issue Date:

04/10/1979

District:

West Maui

Assigned To:

Valuation:

Expire Date: Finalized Date:

04/10/1979

Description:

KAANAPALI ROYAL: KAANAPALI ROYAL SHORT TERM RENTAL

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TRASH ENCLOSURES BCNV: BEFORE CONVERSION TRASH ENCLOSURES

Multiple Permits Submittal

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Proposed use of structure (dwelling, office, etc)

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Proposed use of structure (dwelling, office, etc)

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REAL ESTATE COMMISSION

PROPESSIONAL & VOCATIONAL LICENSING DIVISION DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET P. O. BOX 3469 HONOLULU, HAWAII 96801

PRELIMINARY

HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on KAANAPALI ROYAL Kaanapali, Island and County of Maui, State of Hawaii

REGISTRATION NO. 1066

IMPORTANT - Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: December 29, 1978

Expires: January 29, 1980

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED DECEMBER 7, 1978 AND INFORMATION FILED AS OF DECEMBER 27, 1978. DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

- 1. KAANAPALI ROYAL is a leasehold condominium project consisting of fifteen (15) attached residential buildings (not including the reception building, recreational center, maintenance building and mechanical buildings), each having three (3) stories and a mezzanine level and being without a basement. There are a total of one hundred five (105) apartment units (exclusive of the apartment in the reception building set aside for use by the Managing Agent or other employee of the Association), and there are one hundred thirtythree (133) unassigned parking spaces.
- 2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of this condominium project and the issuance of this Preliminary Public Report. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt for this Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.
- 3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners, and a copy of approved Floor Plans), have not yet been recorded in the office of the recording officer.
- 4. No advertising or promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
- 5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
- 6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance December 29, 1978, unless a Final Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: KAANAPALI ROYAL

 $\frac{\text{LOCATION}}{\text{mitted to}}$: The approximately 7.125 acres of land committed to the Project is located in Kaanapali, District of Lahaina, Island and County of Maui, State of Hawaii.

TAX KEY : Second Division, 4-4-08-20 (portion).

ZONING : A-2 under the Ordinances of the County of Maui.

DEVELOPER: KAANAPALI ROYAL ASSOCIATES, a Hawaii partner-ship, whose principal place of business and post office address is Suite 200, 923 Nuuanu Avenue, Honolulu, Hawaii (Telephone No. 524-4195). The current officers of the corporate partners comprising KAANAPALI ROYAL ASSOCIATES are as follows:

RWG, Inc.:
Richard W. Gushman, II - President and Treasurer
Duncan MacNaughton - Vice President and
Secretary

TMAC, Inc.:

Duncan MacNaughton - President and Treasurer
Sherrill W. MacNaughton - Vice President and
Secretary

ATTORNEY REPRESENTING DEVELOPER: GOODSILL ANDERSON & QUINN (Attention: Ronald H.W. Lum and Robert F. Hirano), 1600 Castle & Cooke Building, Financial Plaza of the Pacific, Honolulu, Hawaii 96813 (Telephone No. 531-5066).

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and the plans submitted by the Developer indicate that the improvements shall consist of fifteen (15) attached residential buildings (each having three (3) stories and a mezzanine level and being without a basement), a reception building (including an apartment therein for use by the Managing Agent or other employee of the Association), a recreational center (including a swimming pool, a spa, a sauna and restrooms), a maintenance building, two tennis courts with an adjacent tennis shelter, two mechanical buildings, walkways, driveways and a parking area with one hundred thirty-three (133) unassigned parking spaces.

l. Residential Buildings. The fifteen (15) attached residential buildings are designated as Buildings A through H, inclusive, J through N, inclusive, and P and Q. Each of said residential buildings will have three stories and a mezzanine level, and will contain two (2) Apartments on the ground floor, two (2) Apartments on the second floor and three (3) two-level Apartments on the third and mezzanine levels.

The Apartments.

- a. There are one hundred five (105) Apartments in the Project (exclusive of the apartment in the reception building which is set aside for use by the Managing Agent or other employee of the Association).
- b. Each Apartment is assigned an apartment number determined as follows: the first capital letter of each apartment number denotes the Building in which the Apartment is located; the first numeral thereof denotes the floor on which the Apartment is located; the second numeral thereof is in each case the number "0"; and the third numeral denotes the location of the Apartment on the floor (with the numbering being from left to right as one looks from the parking area side of the Building).

Except for the end wall plans which vary from Apartment to Apartment as hereinafter described, (i) all Apartments whose apartment numbers include the numerals 102 or 202 have a floor plan which is designated as "Ground & Second Floor Plans" on Sheet HPR-6 of the Condominium Map, (ii) all Apartments whose apartment numbers include the numerals 101 or 201 have a floor plan which is the reverse of said "Ground & Second Floor Plans," (iii) all Apartments whose apartment numbers include the numerals 303 have a floor plan designated on Sheet HPR-6 of the Condominium Map as plans for the "Third Level" and "Mezzanine Level," (iv) all Apartments whose apartment numbers include the numerals 301 have a floor plan which is the reverse of the plans designated on the Condominium Map as plans for said "Third Level" and "Mezzanine Level", (v) Apartments A302, D302, E302, F302, G302, H302, K302, M302, P302 and Q302 have floor plans designated on Sheet HPR-6 of the Condominium Map as plans for the "Third Level" and "Mezzanine Level", and (vi) Apartments B302, C302, J302, L302, and N302 have floor plans which are the reverse of the plans designated on the Condominium Map as plans for said "Third Level" and "Mezzanine Level". The various Apartments have been given different end wall plans depending on the location of the Apartments in the Project. Some Apartments have end wall plans which are as shown on the basic floor plans for the Apartment in the Condominium Map. Other Apartments in the Project have incorporated one or more modified end wall plans, which end wall plans are shown and designated on the Condominium Map as Condition "a", Condition "b" (Condition "b" varies slightly depending on whether the Apartment is a Ground Floor or Second Floor Apartment or whether it is a Third Floor Apartment, as shown on Sheet HPR-5 of the Condominium Map) and Condition "c" (Condition "c" varies slightly depending on whether the Apartment is a Ground Floor or Second Floor Apartment or whether it is a Third Floor Apartment, as shown on Sheet HPR-5 of the Condominium Map).

For example, the Apartment designated as apartment number B102 with end wall plan type "b" is located on the First floor of Building B and has a floor plan similar to said Ground & Second Floor Plans, except that the end wall plan has been modified to incorporate the Ground and Second Floor Condition "b". Similarly, the Apartment designated as apartment number Q303 with end wall plan "ab" is located on the Third floor of Building Q and has a floor plan similar to said plans for the Third Level and Mezzanine Level as shown on the Condominium Map, except that the end wall plan has been modified to incorporate Condition "a" and the Third Floor Condition "b". As a further example, the Apartment designated as apartment number J201 with no specified end wall plan is located on the Second floor of Building J and has a floor plan which is the reverse of said Ground & Second Floor Plans, without any modification in the end wall plans.

c. Each of the thirty (30) Apartments whose apartment number includes the numerals 101 or 102 is located on the Ground floor and will contain three lanai areas (designated on the Condominium Map as Entry Lanai, Lanai #1 and Lanai #2) and ten (10) rooms consisting of two bedrooms, two bathrooms, a living room, a kitchen, a dining room, a

dressing room, a laundry room and a storage room. Each of the thirty (30) Apartments whose apartment number includes the numerals 201 or 202 is located on the Second floor and will contain three lanai areas (designated on the Condominium Map as Entry Lanai, Lanai #1 and Lanai #2) and ten (10) rooms consisting of two bedrooms, two bathrooms, a living room, a kitchen, a dining room, a dressing room, a laundry room and a storage room.

- d. Each of the forty-five (45) Apartments whose apartment number includes the numerals 301, 302 or 303 is a two-level unit located on the Third and Fourth (Mezzanine) levels and will contain eight (8) rooms consisting specifically of one bedroom, one bathroom, a living room, a kitchen, a dining room and a storage room on the Third level and one bedroom and one bathroom on the Fourth (Mezzanine) level. Each Apartment shall also contain three lanai areas (Lanai #1 and Lanai #2 on the Third level and Lanai #3 on the Fourth level).
- e. The respective Apartments consist of (i) all of the areas or spaces enclosed by walls and ceilings or roofs within the apartment boundaries as delineated by perimeter boundaries upon the Condominium Map, and (ii) the lanai areas (including the ledge areas) as shown on the Condominium Map, but shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior loadbearing walls, the foundations, columns, girders, beams, supports, common entries, roofs, floors and ceilings surrounding each Apartment, or any pipes, wires, conduits or other utility or service lines running through such Apartment which are utilized for or serve more than one Apartment, the same being deemed common elements as hereinafter provided. Each Apartment shall include all of the walls and partitions which are not load-bearing within its perimeter walls, any doors, windows (including window ledges), shutters or panels within its perimeter, the inner decorated or finished surfaces of all walls, floors and ceilings, and any fixtures and appliances originally installed therein, including carpet, drapes, refrigerator, dishwasher, drop-in range, range hood, disposal, trash compactor, air conditioning air handler, water heater, and washer-dryer.
- f. Each Apartment has immediate access to its entries and to the corridors, walkways and stairways, if any, appurtenant to such Apartment and connecting its Building to the parking areas, roads, and recreational and other common areas of the Project.
- g. The apartment number, end wall plan, approximate gross living area in square feet, approximate gross lanai area in square feet, number of rooms and undivided percentage interest in the common elements ("common interest") of said Apartments are as follows:

Apt			Approx. Lanai Area in	No. of Common		
NO.	Plan	Sq. Ft.	sq. rc.	ROOMS	Inceresc(s)	
NO. A101 A102 A201 A202 A301 A302 A301 B102 B201 B202 B301 B202 B301 B202 B301 B202 B301 B302 C102 C202 C303 D101 D201 D201 D302 D301 D102 D301 D201 D302 E101 E202 E301 E303 F101 F202 E301 F303 G101 F102 F301 F302 F301 F102 F301 F302 F301 F102 F301 F302 F302 F301 F302 F302 F302 F303 F302 F303 F302 F303 F303	Plan ab bab bab bab ab ab ab ab ab ab ab ab a	Area in Ft. 1580 1580 1580 1580 1580 1580 1580 158	5q. Ft. 502 502 502 502 502 502 502 502 502 502	Rooms 10 10 10 10 10 10 10 10 10 10 10 10 10	Interest(%) .9524 .95524	
H302		1462	392	8	.9524	

Apt	End Wall Plan	Approx. Living Area in Sq. Ft.	Approx. Lanai Area in Sq. Ft.	No. of Rooms	Common Interest(%)
H303 J101 J102 J201 J202 J303 K101 K202 K301 K302 K303 L101 L102 L202 L301 L302 L303 M101 M202 M303 M101 M202 M303 M101 M202 M303 M101 M202 M303 M101 M202 M303 M101 M202 M303 M101 M202 M303 M303 M101 M202 M303 M303 M101 M202 M303 M303 M303 M303 M302 M303 M303	b b bababa bababa baaaaa ababab accc c ababab ab	1462 1580 1580 1580 1462 1462 1462 1580 1580 1580 1580 1580 1580 1580 1580	392 502 502 502 392 392 392 502 502 392 502 502 502 502 502 502 502 502 502 50	8 10 10 10 10 10 10 10 10 10 10 10 10 10	.9524 .95224 .9524 .9524

For purposes of the tabular listing above, all living areas are computed by measuring from the outside of exterior walls and from the centerline of interior party walls, and no reduction has been made to account for interior walls, ducts,

vent shafts, stairways and the like located within the perimeter walls. All lanai areas set forth therein are computed by measuring from the outside of exterior walls and from the centerline of interior party walls, and include the ledge areas of all Lanais #1, Lanais #2 and Lanais #3.

COMMON ELEMENTS. The proposed Declaration provides that one freehold estate is designated in all of the remaining portions of the Project, herein called the "common elements," including specifically, but not limited to:

- 1. The Land in tee simple;
- 2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls, roofs, stairways, walkways, corridors, ramps, fences, railings, entrances and exits of the buildings in the Project;
- 3. All yards, grounds, walkways, landscaping, refuse facilities, gardens, the tennis courts and tennis shelter, the recreational center including the swimming pool and its filtration equipment, the spa, the sauna and the restrooms, and all other recreational facilities and appurtenances:
- All driveways, ramps (if any), parking stalls and parking areas;
- 5. All ducts, sewer lines, sewage treatment equipment and facilities, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, air conditioning, sewer, refuse, telephone, and radio and television signal distribution;
- 6. The reception building (including the apartment therein set aside for use by the Managing Agent or other employee of the Association) and appurtenances;
 - 7. The maintenance building and appurtenances;
- 8. The mechanical buildings and their respective appurtenances; and
- 9. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

LIMITED COMMON ELEMENTS. Certain parts of the common elements, herein called and designated "limited common elements," are 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. The limited common elements so set aside and reserved are as follows:

- 1. The entries to each Third and Fourth (Mezzanine) level Apartment shall be appurtenant to and for the exclusive use of the Apartments which they serve;
- 2. The stairways and landings serving each building of the Project shall be for the exclusive use of the Apartments in such building served thereby.

COMMON INTEREST. Each Apartment shall have appurtenant thereto an undivided percentage interest (herein called the "common interest") in all common elements of the Project, as set forth above under the heading "Improvements," and the same proportionate share in all common profits and expenses of the Project and for all other purposes including voting.

INTEREST TO BE CONVEYED TO PURCHASER. Each purchaser of an Apartment shall receive a Condominium Conveyance Document which shall convey to such purchaser ownership of the Apartment purchased by such purchaser (exclusive of any interest in the Land) and lease to such purchaser for a term ending December 31, 2045, an undivided interest in the Land included within the Project. The leasehold interest of each purchaser shall be equal to the percentage interest in the common elements appurtenant to such purchaser's Apartment. The document shall provide for the payment of lease rent for and during the First Rental Period from the Effective Date thereof through December 31, 1990, the Second Rental Period from January 1, 1991 through December 31, 2000, and the Third Rental Period from January 1, 2001 through December 31, 2010, in fixed amounts. For and during each of the next two (2) ten (10) year periods and the last fifteen (15) year period of the term of said lease, the document shall provide for the payment of monthly lease rent in an amount equal to the product of the then Apartment owner's percentage of undivided interest in the Land multiplied by the total monthly rental established for the Land at the commencement of each of said periods as shall be determined in the manner provided in said document by agreement in writing between a majority of the Board of Directors of the Association of Apartment Owners and the Grantor, or failing such agreement, by appraisal; provided, however, that the monthly lease rent for any such period in no event shall be less than the monthly lease rent for the immediately preceding period. The document shall provide for the payment of lease rent in semi-annual installments on January 1 and July 1 of each calendar year of the term thereof, with each such installment to be equal to six (6) months' rent in advance. At the commencement of the lease, the purchaser shall be required to pay rent in advance for the period from the Effective Date of the Lease to the next succeeding January 1 or July 1, whichever is earlier.

The proposed Declaration provides that the interests in the common elements and easements appurtenant to each Apartment shall have a permanent character and shall not be altered without the consent of all owners of Apartments affected thereby as expressed in an amendment to the Declaration duly recorded. The Condominium Conveyance Document provides that the ownership of the Apartment cannot be separated from the ownership of the lease of an undivided interest in the Land.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE. The proposed Declaration provides that the Apartments shall be occupied and used only as permanent or temporary residences or lodgings.

An Apartment owner shall not, without the prior written consent of the Board of Directors make any structural alterations in or additions to the Apartment, make any interior alterations in or additions to the Apartment visible from the exterior of the Apartment, or make any alterations in or additions to the exterior of the Apartment.

OWNERSHIP OF TITLE. The Preliminary Report issued on December 4, 1978, prepared by Title Guaranty of Hawaii, Inc., a Hawaii corporation, states that the ownership of title is vested in Kaanapali Royal Associates, a Hawaii general partnership.

ENCUMBRANCES AGAINST TITLE. The Preliminary Report issued on December 4, 1978, prepared by Title Guaranty of Hawaii, Inc., identifies the following encumbrances against the Land:

- 1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, Second Division.
- 2. The reservation of all mineral or metallic mines of every description to the Hawaiian Government; said reservation, however, being subject to that certain covenant that neither the State of Hawaii nor persons authorized by it will enter, occupy or use the said land for the exercise of the reserved mineral and mining rights for a period of 75 years from January 1, 1960, as contained in that certain instrument dated January 29, 1960 and recorded in the Bureau of Conveyances in Book 3822, Pages 37 through 40.
- 3. Easement "3" for utility purposes over and across the southerly portion of Lot 70, as shown on Maps 2 and 31, as set forth by Land Court Order No. 18960, filed April 27, 1961.
- 4. As to said Easement "3", covenants, conditions and restrictions as set forth in Deed dated December 1, 1978, filed as Document No. 911189, to-wit:

"Grantor hereby consents to Grantee's construction and placement of a building over and across a sewer line easement, being Easement "3", more fully described in encumbrance paragraph 2 of Exhibit "A"; provided that such consent to the placement of such building over Easement "3" is specifically conditioned upon Grantee's covenant and agreement, which is hereby made with Grantor, as to all of the following:

(1) Prior to the construction of such building, Grantee shall place a concrete sheath around the portion of the sewer line over which the building is to be constructed; and

- (2) Grantee has represented to Grantor that such concrete sheath will protect the sewer line such that the risk of rupture of the sewer line will be negligible, provided that if the portion of the sewer line covered by the building shall malfunction or rupture for any reason, the Grantee shall, at its sole cost and expense, repair such rupture or malfunction; provided, further, that if the repair of such rupture or malfunction is practically impossible or economically infeasible, then the Grantee, at absolutely no cost to the Grantor and with a minimum of disruption to the Grantor's use of the sewer line, shall have the right to relocate the portion of the sewer line covered by the building; provided that all plans of such relocation and construction shall be subject to Grantor's approval; and
- (3) Grantee's construction, operation, use, maintenance and repairs of said building or any action or omission with respect to said building or the granted premises shall not interfere with Grantor's operation or use of the sewer line; and
- (4) Grantee shall, at its own expense, obtain general liability insurance for an amount and with an insurer of Grantee's choice naming Grantor as the co-insured thereunder, which shall insure Grantor against any claims made by any person for damages arising out of the existence or rupture, for any reason, of the portion of the sewer line located under the building, and Grantor shall also require in its documentation for the condominium development project (the "Project") to be constructed on the granted premises that the association of apartment owners formed with respect to such Project shall be required to maintain similar insurance for an amount and with an insured of the association's choice naming Grantor as co-insured thereunder with the same coverage as required by this paragraph (4); and
- (5) Grantee shall indemnify and hold harmless Grantor from any injury or damage suffered by Grantor, including reasonable attorney's fees incurred by Grantor, arising out of (i) breach of any covenant set forth above, or (ii) any act or omission of Grantee with respect to or

in connection with the portion of sewer line covered by the building, or (iii) any actual rupture of the portion of the sewer line under such building, which indemnity obligation shall include any deductible portion of the insurance coverage referred to in paragraph (4) above, or any damage incurred in excess of such coverage.

The foregoing covenants shall run with the land and shall inure to the benefit and bind the successors and assigns of Grantor and Grantee respectively."

- 5. Restriction of access rights over and across the easterly boundary of Lot 70, as shown on Maps 2 and 31, of Application No. 1744.
- 6. Reservation contained in Deeds dated October 11, 1967, filed as Land Court Document No. 428919, and dated November 20, 1978, filed as Document No. 908843, made by Pioneer Mill Company, Limited, a Hawaii corporation, to Amfac, Inc., a Hawaii corporation, to wit:

"Reserving and excepting to the Grantor, its successors and assigns forever, as appurtenant to the lands of the Grantor located in the District of Lahaina now owned and used or hereafter acquired and used by the Grantor in its sugar plantation operations, the perpetual right and easement over and upon the granted premises to discharge, emit, diffuse and inflict noise, smoke, soot, dust, lights, noxious vapors, odors and other minor nuisances of every description created by and resulting from the operations of the Grantor in burning sugar cane and bagasse, milling, generating power, trucking, hauling and all other activities incidental to the operation of a sugar plantation."

- 7. The restrictive covenants and conditions set forth in that certain Declaration dated December 23, 1977, filed as Document No. 853030 and also recorded in Liber 12641 at Page 179, as amended by instrument dated October 31, 1978, filed as Document No. 906095 and also recorded in Liber 13244 at Page 299.
- 8. Covenants, conditions and restrictions as set forth in that certain Beed from Amfac, Inc., a Hawaii corporation, to Kaanapali Royal Associates, a Hawaii general partnership, dated December 1, 1978, filed as Document No. 911189, to-wit:

"Grantee further covenants and agrees with Grantor that Grantee and Grantee's successors and assigns will abide by all of the obligations, covenants and restrictions set forth in the Declaration of Restrictions filed with the Land Court of the State of Hawaii as Land Court Document No. 853030, as amended by Land Court Document No. 906095, provided that:

- (1) If apartment units in the Project to be constructed on the granted premises are operated as "Resort Rental Units" (as defined in the Declaration of Restrictions), the maximum annual charge to be levied on each such "apartment" (as defined in Section 514A-3(1) of the Hawaii Revised Statutes) on the granted premises for Resort Facilities Costs (as defined in paragraph 9(a)(5) of the Declaration of Restrictions) shall be Fifty Dollars (\$50.00) per annum from January 1, 1979 to December 31, 1983; for each five-year period thereafter during the term of the Declaration of Restrictions the maximum annual assessment for Resort Facilities Costs per apartment on the granted premises shall be increased to an amount equal to one hundred ten percent (110%) of the maximum annual assessment for Resort Facilities Costs during the preceding five-year period;
- (2) If the apartments to be constructed on the granted premises are operated as Resort Rental Units in such a manner that their operation could be construed as a "hotel" operation, the provisions of paragraph 9(f) of the Declaration of Restrictions shall nonetheless not apply to the granted premises;
- (3) Paragraph 9(g)(3)(vi) of the Declaration of Restrictions shall be deemed to be modified so far as it is applicable to the granted premises so that the number "650" in the seventh line of paragraph 9(g)(3)(vi) shall be deemed to be "850" and so that all additional numerical references to "GCD" in the balance of paragraph 9(g)(3)(vi) shall be increased by 200."
- 9. Easement 74 (15 feet wide) for utility purposes over and across the easterly portion of Lot 70, as shown on Map 31, as set forth by Land Court Order No. 51831, filed November 29, 1978.
- 10. Roadway setback line (20 feet wide) over and across the easterly portion of Lot 70, as shown on Map 31 of Land Court Application No. 1744.
- 11. Mortgage and Security Agreement and Financing Statement dated December 1, 1978, by and between Kaanapali Royal Associates, a Hawaii general partnership, as Mortgagor,

and Amfac Financial Corp., a Hawaii corporation, as Mortgagee, filed as Document No. 911190.

NOTE: The Developer has notified the Commission that said Mortgage and Security Agreement and Financing Statement dated December 1, 1978, shall be removed as a blanket encumbrance upon the Land prior to issuance of the first conveyance or lease of an Apartment in the Project.

DECLARATION OF RESTRICTIONS: The proposed Declaration of Horizontal Property Regime provides that all present and future Apartment owners, tenants and occupants of Apartments are subject to the Declaration of Restrictions dated December 23, 1977 (Document No. 853030), as amended and modified by Document Nos. 906095 and 911189, respectively. The Declaration dated December 23, 1977, as amended and modified (the "Master Declaration"), provides, among other things, the following:

- (a) Each and every proposed improvement, construction or other alteration of the Project, or any part thereof, shall require the prior written approval of Amfac, Inc., a Hawaii corporation, its successors or assigns (hereinafter referred to as "Amfac"), all in accordance with the provisions and restrictions contained in said Master Declaration.
- (b) Paved access roads and water and sewage lines and related facilities have been provided and are maintained by Amfac to the boundary of the Land, but Amfac may terminate its maintenance for any of such utilities for which any governmental, quasi-governmental or private utility company or authority or agency shall either (i) take over possession, title or operation of utility lines and facilities operated by Amfac or (ii) supply utility lines and facilities accessible from or on the Land as alternatives to Amfac's utility lines and facilities. If such take over or supply shall occur, each Apartment owner shall be required to pay the prorated share attributable to his Apartment of any hook-up or initial service charges or fees assessed by such company, authority or agency with respect to such take over or supply, such prorated share to be determined by multiplying the common interest appurtenant to such Apartment by a sum which is the product of the total charges and fees so assessed for the Kaanapali Beach Resort Area (as defined in said Master Declaration) times a fraction, the numerator of which is the number of completed or uncompleted but Amfac-approved Apartments in the Project at the time of assessment of such charges or fees and the denominator of which is the total number of completed or uncompleted but Amfac-approved Resort Rental Units, other Condominium Units and other residences in the Kaanapali Beach Resort Area (as each of said terms is defined in said Master Declaration) at the time of such assessment and which are subject to such take over or supply.
- (c) Each Apartment owner is required to reimburse Amfac monthly for all expenses and costs to Amfac in providing sewage service and water for the Apartment owner's use.

(d) During the Term of the Master Declaration (as defined therein), each Apartment owner is obligated to pay a pro rata share of the net cost of constructing, operating, maintaining and administering improvements and facilities constructed or operated, as of the commencement of said Term or at any time during said Term, by Amfac in said Kaanapali Beach Resort Area; provided, however, that to the extent the Apartments are not treated as Resort Rental Units (as defined in the Master Declaration), the Apartment owners shall not be so obligated with respect only to the net costs of constructing, operating, maintaining and administering motorized transportation systems such as a jitney service and recreation facilities such as the golf course (which net costs referred to in this proviso are hereafter referred to as "Resort Facilities Costs"). Without limitation, such improvements and facilities shall include roadways, sewers, transportation systems, parking areas, walkways, utility lines and facilities, recreation facilities and landscaping. The Apartment owners are also required to grant to Amfac, without cost to Amfac, any easements in the Project required for the construction, operation and maintenance of such improvements and facilities in locations to be designated by Amfac. The net cost of constructing, operating, maintaining and administering the improvements or facilities in said Kaanapali Beach Resort Area is defined to mean all costs properly attributable to such construction, operation, maintenance and administration, including without limitation, land acquisition costs, capital debt service charges and replacement reserve accruals for improvements and facilities existing at the commencement of said Term or constructed at any time during said Term, less Amfac's receipts from the operation of such improvements or facilities. The pro rata share to be paid by each Apartment owner shall be a proportionate share of such net costs for each particular improvement or facility based upon the proportion of the total benefit or use of such facility or improvement which the Apartment owner receives as determined according to generally accepted accounting principles and agreed to by Amfac and a majority of all Operators (as said term Operators is defined in said Master Declaration) from time to time. Amfac has reserved the option to bill the Association of Apartment Owners of the Project for the pro rata shares required to be paid by the Apartment owners, and if Amfac exercises its option to bill the Association, the Association shall be liable to pay such billings. Notwithstanding the terms of the Master Declaration, Amfac has agreed in its Deed of the Land to the Developer, that if Apartments in the Project are operated as "Resort Rental Units," the maximum annual charge to be levied on each Apartment for Resort Facilities Costs shall be Fifty Dollars (\$50) per annum from January 1, 1979 to December 31, 1983; for each five-year period thereafter during the Term of the Master Declaration the maximum annual assessment for Resort Facilities Costs per unit on the Land shall be increased to an amount equal to one hundred ten percent (110%) of the maximum annual assessment for Resort Facilities Costs during the preceding five-year period; and further, the requirement for survey for obsolescence and modernization as provided in paragraph 9(f) of the Master Declaration shall not be applicable to the Project even if the Apartments are operated as Resort Rental

Units in such a manner that their operation could be construed as a "hotel" operation.

- (e) The Land, all landscaping, all structural and non-structural portions of all buildings and other improvements existing thereon at any time during said Term, are required to be kept in good order, condition, maintenance and repair including, without limitation, repainting the exterior of the buildings in the Project once every five (5) years or at such earlier intervals as required to maintain the appearance therof.
- (f) Water use and conservation restrictions are imposed on all Apartments in the Project. Each Apartment owner is required to institute water conservation measures so as to keep the total consumption of water in the Project below 850 gallons per Apartment per day or such lesser rates as Amfac may establish during periods of drought or water shortage. If in any month during said Term, water is consumed at a rate in excess of the rate specified for such month as provided in the immediately preceding sentence, the normal monthly water charge payable by each Apartment owner for such month shall be substantially increased, as set forth in the Master Declaration.
- (g) The Association is required to become a member of the Kaanapali Beach Operators' Association, and, as such member, the Association is required to comply with the articles and by-laws of the Kaanapali Beach Operators' Association and to pay a pro rata portion of the annual budget thereof in monthly installments as provided in the articles and by-laws of the Kaanapali Beach Operators' Association.
- (h) Each Apartment owner is precluded from holding or attempting to hold Amfac or Pioneer Mill Company, Limited, its successors or assigns responsible for the creation of smoke or soot or other nuisances, arising out of or in connection with sugar operations within the areas adjacent to the Kaanapali Beach Resort (as said term is defined in the Master Declaration), and each Apartment owner is required to indemnify and hold Amfac harmless from any liability or expenses, including attorneys' fees, resulting from claims by the Apartment owner or any guests or other persons using the Project arising from such nuisances.
- (i) Each Apartment owner covenants that he shall assume all risks associated with the location of the Project adjacent to a golf course operated by Amfac, including but not limited to the risk of property damage or personal injury arising from stray golf balls or actions incidental to resort-related activities (including without limitation tournaments, luaus and concerts), and shall indemnify and hold harmless Amfac from any liability, claims or expenses, including attorneys' fees, arising from such property damage or personal injury. Each Apartment owner is also required to covenant that Amfac shall have the right, in the nature of an easement, to subject the Project to nuisances incidental to the maintenance, operation or use of the golf course, and to the carrying out of such resort-related activities.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated December 6, 1978, between Title Guaranty Escrow Services, Inc., a Hawaii corporation, as "Escrow", and the Developer, as "Seller", has been submitted to the Commission. On examination, the specimen Sales Contract, the specimen Agreement of Sale Addendum to Sales Contract, and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly Sections 514A-37, 514A-39, 514A-40, 514A-63 through 514A-66.

The provisions of the Escrow Agreement should be carefully read and understood. It provides, among other things, that:

- Subject to various terms and conditions set forth in detail in the Escrow Agreement, the purchasers' funds held in escrow shall be disbursed by Escrow, at the times and in the amounts requested by Seller, from time to time (a) to pay for construction costs of the buildings and other improvements and fixtures of the Project in proportion to the valuation of the work completed by the contractor in accordance with the terms of the construction contract, as certified in writing by a registered architect or professional engineer and as approved by the Seller's mortgagee; and (b) to pay for architectural, engineering, finance and legal fees, and for other incidental expenses of the Project as approved by the Seller's mortgagee. Purchasers shall be entitled to receive interest on all payments made under their respective sales contracts, said interest to be payable from the respective dates Escrow received said payments to the date of recordation of the purchaser's Condominium Conveyance Document or Agreement of Sale, as the case may be. The interest shall be calculated on a simple interest basis without compounding and shall be at a rate of six per cent (6%) per annum. Such interest shall be calculated by Escrow and be credited or paid to the purchasers after the recordation of the Condominium Conveyance Document or Agreement of Sale, as the case may be. No interest shall be payable to Buyer in the event of default by the Buyer or if the Buyer fails to qualify for a loan or the Agreement of Sale or to give reasonable proof of financial ability to purchase the apartment.
- 2. Purchasers shall be entitled to a return of their funds under certain conditions as set forth in detail in the Escrow Agreement.

The provisions of the Sales Contract and the Agreement of Sale Addendum to Sales Contract (hereinafter sometimes referred to as the "Sales Contract") should also be carefully read and understood. They provide, among other things, that:

l. If less than 90 of the 105 Apartments in the Project (exclusive of the apartment in the reception building set aside for use by the Managing Agent or other employee of the Association) are sold by August 31, 1979, or if Seller is prevented by law or by conditions beyond Seller's control from proceeding with or completing the construction of the

Project as therein contemplated, Seller, at Seller's option, may cancel the Sales Contract upon written notice to Buyer and refund of all sums paid by Buyer. Further, in the event the construction of the Project is at any time or from time to time delayed due to governmental restrictions or regulations, or is delayed by fire, earthquake, acts of God, the elements, war or civil disturbances, strike or other labor disturbances, or any other condition or event beyond the control of Seller, and if Seller determines that the total cost of completing the Project (as set forth in Seller's verified statement of all costs in completing the Project, filed or to be filed with the Real Estate Commission prior to issuance of the Final Public Report) has been or will be increased as a result of any such delay or delays, then in any such event, Seller may, at Seller's option, cancel the Sales Contract upon written notice to Buyer and refund of all sums paid by Buyer unless Buyer, within thirty (30) days after receipt of written notice from Seller advising Buyer of the increased purchase price, agrees in writing to pay such increased purchase price for the Property as shall be determined by Seller; provided, however, that Seller may not increase the purchase price for the Property by an amount in excess of the product of the common interest appurtenant to the Apartment multiplied by the total amount of the increases in the total cost of completing the Project.

- Buyer agrees to subordinate his interest to the lien of the interim mortgage(s) securing loans heretofore or hereafter obtained from Amfac Financial Corp. and/or any other lender for the construction of the Project or to a revolving construction loan secured by a mortgage(s) ("mortgage") and to any and all advances, whether contractual or voluntary made pursuant to said mortgage, and to any and all sums which may become a lien pursuant to the terms of said mortgage or the construction loan agreement or any other agreement relating to said mortgage. In confirmation of such subordination, Buyer agrees to promptly execute and deliver any instrument that the holder of any such mortgage or its successors in interest may require to evidence such subordination and Buyer irrevocably appoints Seller the attorney in fact, coupled with an interest, of Buyer to execute and deliver on behalf of Buyer any such instrument of subordination, should Buyer fail or refuse to do so within five (5) days after request is made therefor.
- 3. The Sales Contract is nonassignable by Buyer. Buyer understands and agrees that Buyer may not and will not assign or transfer the Sales Contract or any of Buyer's rights thereunder, and that any assignment or transfer of the Sales Contract by Buyer shall be null and void and shall constitute a default of the Sales Contract by Buyer. Any sale, assignment, transfer, conveyance, pledge, exchange, or encumbrance of all or any portion of any partnership or other ownership interest in the Buyer (if Buyer is a corporation, partnership, joint venture or other entity), or any merger or consolidation of the Buyer with or into any other partnership, corporation or other entity shall be deemed an assignment or transfer of the Sales Contract. Any sale, assignment, transfer, conveyance, pledge, exchange or encumbrance of all or any portion of the voting shares of the

capital stock, or the issuance of any new voting shares of the capital stock of the Buyer shall also be deemed to be an assignment or transfer of the Sales Contract.

- 4. Seller and Seller's agents and representatives have made no representation or statements in connection with the sale of the Property, as to the rental investment potential of the Property or income to be derived therefrom or any other economic benefit, including applicability of Federal or State tax laws, that may be derived from any such rental of the Property; and that Buyer understands that Buyer is free to use the Property as Buyer chooses, and that Buyer may rent it, either directly or through any agent Buyer may select.
- Buyer understands and agrees that Seller reserves the right, at Seller's sole discretion, to sell Seller's fee simple interest in the Land to a third party, provided, however, that in such sale Seller shall retain all developmental rights necessary for construction and completion of the Project and that Seller shall continue to act as the Developer of the Project. Buyer agrees that any such sale of the Land by Seller shall not release Buyer from any of Buyer's obligations under the Sales Contract. In the event Seller elects to sell its fee simple interest in the Land as aforesaid, Seller reserves the right to modify the condominium documents of the Project (including without limitation the Declaration of Horizontal Property Regime, the Condominium Conveyance Document, the Agreement of Sale and the Assignment of Condominium Conveyance Document) so as to reflect the change in the ownership of the Land, and Buyer agrees, upon request by Seller, to promptly execute, deliver and accept any and all such condominium documents, as so modified, in lieu of the forms of such documents presently on file with the Real Estate Commission; provided, however, that it is understood and agreed that any such modifications to the condominium documents shall not materially alter or impair Buyer's rights under the Sales Contract.

It is incumbent upon the purchaser and prospective purchaser that they read with care the specimen Sales Contract and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the Apartments and any sums received from any source are placed in trust and how the funds shall be retained, disbursed and/or refunded.

The Developer has advised the Commission that while sales by way of Agreement of Sale will be available, such sales by way of Agreement of Sale will not be available to all purchasers, and Seller reserves the right, in its sole discretion, to limit the number of such sales.

MANAGEMENT AND OPERATION. The proposed By-Laws of the Association of Apartment Owners provide that the Board of Directors shall be vested with the powers and duties necessary for the administration of the overall affairs of the Project. The proposed Declaration provides that Management Consultants of Hawaii, Inc. shall be the initial Managing Agent.

STATUS OF PROJECT. The Developer is currently in the process of selecting a contractor to construct the Project and has obtained an interim construction loan from Amfac Financial Corp. to finance (together with purchasers' funds) such construction.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required notice of intention filed on December 7, 1978 and information subsequently submitted as of December 27, 1978.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1066 filed with the Commission on December 7, 1978.

This report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles shall be yellow in color.

AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

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DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, COUNTY OF MAUI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

Registration No. 1066

DATE: December 29, 1978



Raphael Wellerstein General Manager- President Kā'anapali Operators Association (KOA) 9-23-25

Dear Maui County Planning Commission and Maui County Council Members,

On behalf of the Kaanapali Operations Association (KOA), and the Kaanapali resort, I am writing in support of our three member properties—Maui Eldorado, Kaanapali Royal, and Maui Kaanapali Villas—as they face the implications of Bill 9.

First and foremost, KOA fully supports immediate and meaningful efforts to address the critical shortage of affordable and workforce housing on the island of Maui. With thousands of employees and families connected to our resort community, we recognize the urgent need for housing solutions and strongly believe that the creation of affordable and workforce housing will directly benefit those who live and work here.

Regarding Bill 9, KOA agrees that short-term rental (STR) properties should not be permissible in residential communities, unless granted through a variance or rezoning on a case-by-case basis. This approach protects neighborhoods intended for residents while allowing thoughtful flexibility where appropriate.

It is important to emphasize, however, that Kaanapali is Hawai'i's first master-planned resort community. Within this resort-based context, we firmly support the allowance of STR operations for our three membership properties. Maui Eldorado, Kaanapali Royal, and Maui Kaanapali Villas are not only compliant with KOA's resort association governing documents, but also actively participate—both physically and financially—in the overall operations, maintenance, and contributions that sustain the Kaanapali resort and tourist-based community. Their engagement and active participation ensures the continued success, quality, and integrity of West Maui as a destination.

As a long-standing resort community, we maintain that STR properties should be allowable in designated resort and tourist areas, where they align with the community's original planning and purpose. At the same time, we stand united in the position that STRs should not be allowed in residential communities intended for local families.

In closing, KOA urges decision-makers to recognize the unique role of our resort-zoned properties—particularly the contributions of these three members—while advancing critical solutions to expand affordable and workforce housing on Maui.

Respectfully,

Raphael Wellerstein

General Manager- President

Kā'anapali Operations Association

EXHIBIT "C"

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