

Dear Honorable Mayor and Honorable Maui County Council Members,

We are submitting this plea with facts and evidence to be considered for the Exhibit B list. We believe after reading the entire report, it would be appropriate for Maui Sands to retain its TVR status and now to be included on Exhibit 2 county initiated zoning change.

Previously in Dec and now, I have submitted a 30 page written report highlighting many details and reasons why Maui Sands I has market values unattainable as affordable housing even at lower property values because of its high monthly fees ( approx. \$2937.57 monthly); we only have 6 years left on our lease which makes the entire property ineligible for mortgages. When you read the report you will see Maui Sands I has many issues and high costs. Please consider us as you legislate the bill to amend Exhibit 2 and in include Maui Sands I.

### **SUMMARY HIGHLIGHTS:**

Maui Sands is located in West Maui at 3559 Lower Honoapiilani Rd. Maui Sands was built 1966 as one of the first resort/vacation property on West Maui. Maui Sands is located on the ocean.

- Maui Sands I property values are not attainable by most Maui Residents even at lower property values.
- Maui Sands I HOA/Maintenance/Land Lease average about \$2991.38 a month.
- \$1268.97 (includes GET) land lease/ \$1692.83 is HOA and Maintenance Reserves
- Buildings are all 60+ years old and Maui Sands is 65% + underfunded for future maintenance. Ocean takes a toll.
- Maui Sands I has a land lease which expires on 2037. For mortgages purposes, the lease has to be five years beyond the loan. That would leave 6 years only for a mortgage and Bank of Hawaii and other mortgage companies have said "none of Maui Sands would be eligible for a mortgage".
- Buying property at Maui Sands 1 would have to be all cash.
- We have started to negotiate purchasing the land leases. We estimate this cost to be \$195,000 to \$250,000 per unit.
- Based on the State of Hawaii , [2022 Hawai'i Sea Level Rise Vulnerability and Adaptation Report](#); At ½ foot (.5) sea level rise, Maui Sands would experience flooding of our ocean front buildings. At 1.5 ft, a third of Maui Sands would be flooded. At 2 ft half of Maui Sands would be flooded and at 3.2 ft of sea level rise, ALL of Maui Sands would be flooded.
- Mapping Maui Sands I, we are in the middle of properties that have been approved for Exhibit 2 based on leasehold issues and Sea-Rise Vulnerability and Adaption Report.

RECEIVED AT HCU MEETING ON 01/05/2020

JOHN CHAISSON MAUI SANDS I OWNER

## **HISTORY AND USE**

Maui Sands is located in West Maui at 3559 Lower Honoapiilani Rd. Maui Sands was built 1966 as the first resort/vacation property on West Maui. Maui Sands is located on the ocean and consists of 56 one and two bedroom units 562 sq ft and 880 sq ft for 2 bedrooms.

There are 56 units at Maui Sands 1. Sixteen one bedrooms and 40 two bedrooms. There is a MS owned one bedroom unit for the maintenance man. We now have; 4 owner occupied units, 11 Long Term Rentals, 44 TVR – STRH units. Within that we don't have time share units per say but 6 units in a vacation membership program, I think are very similar to timeshare units.

The total TVR-STRH property tax owed for 2025 to Maui County is \$532,556.07. If those were converted to Owner Occupied Units total property tax owed to Maui County would be drop to \$29,904.16 each year. **This would be a loss to Maui County Property Tax of \$502,651.91.**

Each unit has only one parking space. We have two extra spaces for guests. There are no shoulders to park on illegally, lol, its that tight. We share both driveways with our neighbors.

The TIG report states that properties with market values not attainable by most Maui Residents would be appropriate to continue TVR uses. Even with lowered property values, Maui Sands is unattainable and not attractive as affordable housing because of the high monthly fees:

maintenance/hoa/land lease monthly fees total approximately \$2991.38

Maintenance/HOA - \$1692.83 (flood insurance included);

Land Lease - \$1298.55. Our lease expires in 2037.

Total of \$2,991.38 before a mortgage.

I have reached out to Bank of Hawaii. Given our current situation, the VP loan officer sent the following email back to my inquiry. Maui Sands does not meet the criteria to get a real estate loan. Banks like to see a loan 5 years past the leasehold expiration. For example on a 30 year, 20 year and 10 year loan, you have to add 5 years past that date for banks to even consider financing a leasehold property. It is 2025, for a 30 year loan, the leasehold would have to expire in 2060 (2025 + 30 years + 5 years). For a 20 year loan, the leasehold would have to expire 2050. For a 10 year loan, the leasehold would have to expire 2045. **We have no time left on our leasehold to get a loan as confirmed by VP loan officer from BANK OF HAWAII.** Properties would have to be bought with cash.

## **LEASE HOLD, MORTGAGE, TOTAL COST OF OWNERSHIP AND ISSUES**

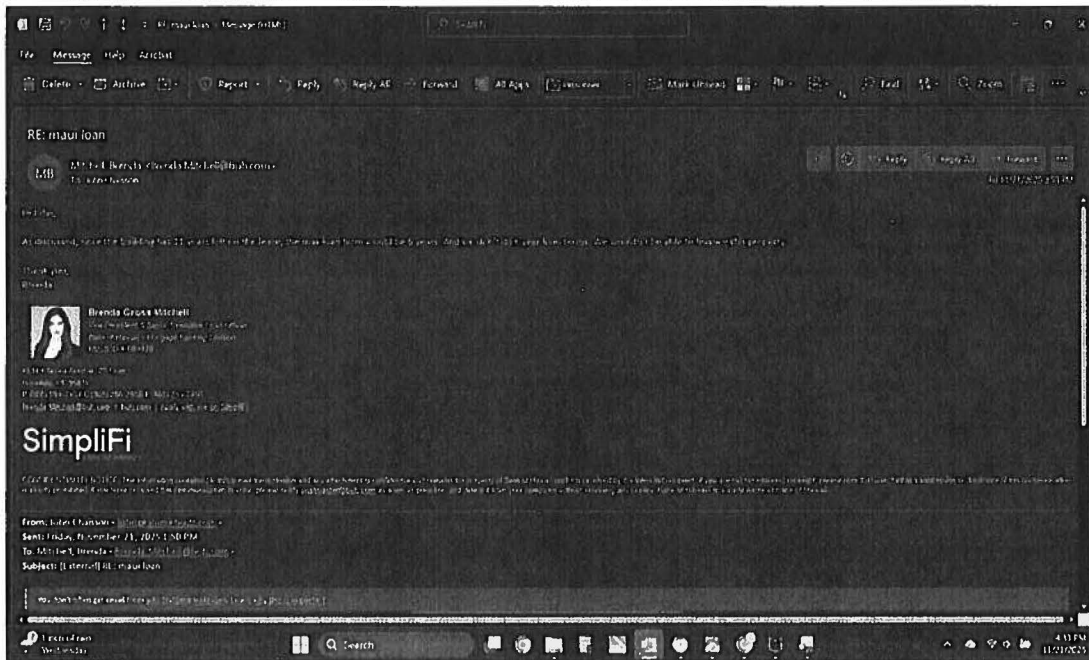
In this section we cover interrelated issues. Mortgage, Land Lease, Land Lease Monthly Cost, HOA Monthly Cost/Flood Insurance, Below we have provided email from BOH VP Loan Officer and Loan Depot that indicates we cant get a loan; our last leasehold negotiation letter from Monarch with payment and land values; Monthly cost of leasehold for each unit;

Mortgage: I have reached out to Bank of Hawaii. Given our current situation, the VP loan officer sent the following email back to my inquiry. Maui Sands does not meet the criteria to get a real estate loan. Banks like to see a loan 5 years past the leasehold expiration. For example

on a 30 year, 20 year and 10 year loan, you have to add 5 years past that date for banks to even consider financing a leasehold property. It is 2025, for a 30 year loan, the leasehold would have to expire in 2060 (2025 + 30 years + 5 years). For a 20 year loan, the leasehold would have to expire 2050. For a 10 year loan, the leasehold would have to expire 2045. **We have no time left on our leasehold to get a loan as confirmed by VP loan officer from BANK OF HAWAII.** Properties would have to be bought with cash.

Hi John,

As discussed, since the building has 11 years left on the lease, the max loan term would be 6 years. And we don't do 6 year loan terms. We wouldn't be able to finance this property. Thank you, Brenda



I TRIED ANOTHER MORE MAIN STREAM LENDER, LOAN DEPOT. PLEASE SEE BELOW. HE PROVIDES A MORE DETAILED EXPLANATION AS TO WHY NO PROPERTY CAN GET A MORTGAGE TO BUY AT MAUI SANDS. THE ROBINSONS WONT GIVE MORE THAN 19 YEAR LEASE BUT SAID IT WILL BE CLOSER TO 10 YEARS NEXT TIME.

Hi John,

All loans that are secured by leasehold property are required to have more than 5 years left on the lease.

Here is a link to the rules all lenders use for leaseholds:

<https://selling-guide.fanniemae.com/sel/b2-3-03/special-property-eligibility-and-underwriting-considerations-leasehold-estates>

Specifically, this portion:

- The lease must have an unexpired term that exceeds the maturity date of the loan by five (5) years or more.

You have 11.5 years, so before July we were hoping for a 7 year loan.

A 7 year loan would have a *very* large payment, but I couldn't find any to offer you, knowing its much worse than your current loan.

There are no 5 year balloons available as they were regulated away back in 2012. This is covered here: <https://selling-guide.fanniemae.com/sel/b2-1.5-02/loan-eligibility>

From what I see, you have two options:

1. **get the lease extended**
  - a. ideally until after 2060 so you can get 30 year loans
  - b.  $2025 + 30\text{yr maturity} + 5\text{yr buffer} = 2060$
2. **Sell and use money to buy something else**



## Gavin Walker

NMLS #71223

*Branch Manager*

☎ (425) 898-5111 – office

📱 (206) 790-4843 – mobile

📠 (425) 898-5111 – fax

✉ [gavinwalker@loandepot.com](mailto:gavinwalker@loandepot.com)

🌐 <https://www.loanDepot.com/gavinwalker>

📍 105 Central Way, Suite 203  
Kirkland, 98033

**APPLY NOW**

THIS IS THE BREAKDOWN OF OUR LAND LEASE PAYMENTS. 1 BEDROOM LAND LEASE PAYMENTS ARE FROM \$774.23 TO \$855.25 A MONTH. OUR TWO BEDROOMS LAND LEASE PAYMENTS ARE FROM \$1018.08 TO \$1378.95. BUYING THE LAND LEASE WOULD COST SOMEWHAT MORE THAN CURRENT LAND LEASE PAYMENTS.

## New Weinberg & New Robinson Lease Rent includes Peninsula

**New Apartment Lease Rents: 7/1/2017 - 6/30/2027**

Unit Number	Lease Rent Proportion	New Weinberg Monthly Apartment Lease Rent <sup>[1]</sup> (incl Peninsula 12.5% override)	New Robinson Monthly Apartment Lease Rent <sup>[2]</sup> (incl Peninsula 12.5% override)	Additional Monthly Apartment Lease Rent <sup>[3]</sup>	Total <u>New</u> Monthly Apartment Lease Rent without GET <sup>[4]</sup>	Total <u>New</u> Monthly Apartment Lease Rent with GET <sup>[5]</sup>	Total <u>Old</u> Monthly Apartment Lease Rent with GET <sup>[6]</sup>	Total Additional Rent Due through 10/31/2018
2D	1.41480%	\$277.30	\$495.18	\$5.24	\$777.72	\$810.12	\$774.23	\$574.24
1F 2A	1.45710%	\$285.59	\$509.99	\$5.40	\$800.98	\$834.35	\$797.39	\$591.36
2H	1.47825%	\$289.74	\$517.39	\$5.48	\$812.61	\$846.46	\$808.96	\$600.00
3A 3F 6A 6D	1.49940%	\$293.88	\$524.79	\$5.55	\$824.22	\$858.56	\$820.54	\$608.32
1G 1M 2E	1.52055%	\$298.03	\$532.19	\$5.63	\$835.85	\$870.67	\$832.11	\$616.96
3G 3M 6E 6H	1.56285%	\$306.32	\$547.00	\$5.79	\$859.11	\$894.90	\$855.25	\$634.40
1B 1C 1D 1E 2B 2C	2.09351%	\$410.33	\$732.73	\$7.75	\$1,150.81	\$1,198.75	\$1,145.66	\$849.44
3B 3C 3D 3E 6B 6C	2.13581%	\$418.62	\$747.53	\$7.91	\$1,174.06	\$1,222.97	\$1,168.81	\$866.56
1H 1J 1K 1L 2F 2G	2.17384%	\$426.07	\$760.84	\$8.05	\$1,194.96	\$1,244.74	\$1,189.62	\$881.92
3H 3J 3K 3L 6F 6G	2.21614%	\$434.36	\$775.65	\$8.21	\$1,218.22	\$1,268.97	\$1,212.77	\$899.20
4B 4C 5B 5C	2.26260%	\$443.47	\$791.91	\$8.38	\$1,243.76	\$1,295.58	\$1,238.19	\$918.24
4F 4G 5F 5G	2.34293%	\$459.21	\$820.03	\$8.68	\$1,287.92	\$1,341.57	\$1,282.16	\$950.56
4A 4D 5A 5D	2.42753%	\$475.80	\$849.64	\$8.99	\$1,334.43	\$1,390.02	\$1,328.44	\$985.28
4E 4H 5E 5H	2.50853%	\$491.67	\$877.99	\$9.29	\$1,378.95	\$1,436.40	\$1,372.77	\$1,018.08
55 Units	112.5%	\$22,049.99	\$39,375.06	\$416.65	\$61,841.70	\$64,417.99	\$61,564.86	\$45,650.08

[1] Master Lease rent: 50,282 sf (land area) X \$77.93/sf (land value) = \$3,920,000 (rounded project land value) X 6% (rate of return) = \$235,200 annual lease rent.

[2] Master Lease rent: 70,188 sf (land area) X \$99.73/sf (land value) = \$7,000,000 (project land value) X 6% (rate of return) = \$420,000.00 annual lease rent.

[3] \$5,000 additional rent owed in Master Lease. Over and above, and in addition to, all other rents provided under the Sublease.

[4] Total apartment lease rent including Peninsula (aggregate 112.5% of master lease rent).

[5] 4.166% General Excise Tax included.

THIS IS A COPY OF MONTHLY HOA DUES AND MAINTENANCE FEES AT \$1647.39. WE ALL PAY THIS. MAINTENANCE IS HIGH BECAUSE MAUI SANDS IS 60 YEARS OLD AND THROUGH THE YEARS THE DIFFERENT BOARDS HAVE DEFERRED NEEDED MAINTENANCE. THIS ALSO INCLUDES THE FLOOD INSURANCE.

Maui Sands Association  
Destination Maui, Inc.  
380 Huku Li'i Place, Suite 206  
Kihei, HI 96753

Code	Date	Amount	Balance	Check#	Memo
Payment	5/3/2024	-1,647.39	0.00	8420755	DMUCABLB 050324.CAB
Maintenance	6/1/2024	1,647.39	1,647.39		Maintenance
Payment	6/5/2024	-1,647.39	0.00	8373124	DMUCABLB 060524.CAB
Maintenance	7/1/2024	1,647.39	1,647.39		Maintenance
Payment	7/5/2024	-1,647.39	0.00	8146035	DMUCABLB 070524.CAB
Maintenance	8/1/2024	1,647.39	1,647.39		Maintenance
Payment	8/5/2024	-1,647.39	0.00	8884858	DMUCABLB 080524.CAB
Maintenance	9/1/2024	1,647.39	1,647.39		Maintenance
Payment	9/5/2024	-1,647.39	0.00	8707802	DMUCABLB 090524.CAB
Maintenance	10/1/2024	1,647.39	1,647.39		Maintenance
Payment	10/4/2024	-1,647.39	0.00	8421772	DMUCABLB 100424.CAB
Maintenance	11/1/2024	1,647.39	1,647.39		Maintenance
Payment	11/5/2024	-1,647.39	0.00	8600321	DMUCABLB 110524.CAB
Maintenance	12/1/2024	1,647.39	1,647.39		Maintenance
Payment	12/5/2024	-1,647.39	0.00	8452180	DMUCABLB 120524.CAB
Maintenance	1/1/2025	1,692.83	1,692.83		Maintenance
Payment	1/3/2025	-1,692.83	0.00	8058408	DMUCABLB 010325.CAB
Maintenance	2/1/2025	1,692.83	1,692.83		Maintenance
Payment	2/3/2025	-1,692.83	0.00	8063971	DMUCABLB 020325.CAB
Maintenance	3/1/2025	1,692.83	1,692.83		Maintenance
Payment	3/3/2025	-1,692.83	0.00	8971371	DMUCABLB 030325.CAB
Maintenance	4/1/2025	1,692.83	1,692.83		Maintenance
Payment	4/3/2025	-1,692.83	0.00	8107493	DMUCABLB 040325.CAB
Maintenance	5/1/2025	1,692.83	1,692.83		Maintenance
Payment	5/2/2025	-1,692.83	0.00	8049881	DMUCABLB 050225.CAB
Maintenance	6/1/2025	1,692.83	1,692.83		Maintenance
Payment	6/3/2025	-1,692.83	0.00	8999083	DMUCABLB 060325.CAB
Maintenance	7/1/2025	1,692.83	1,692.83		Maintenance
Payment	7/3/2025	-1,692.83	0.00	8066927	DMUCABLB 070325.CAB
Maintenance	8/1/2025	1,692.83	1,692.83		Maintenance
Payment	8/1/2025	-1,692.83	0.00	8548278	DMUCABLB 080125.CAB
Maintenance	9/1/2025	1,692.83	1,692.83		Maintenance
Payment	9/3/2025	-1,692.83	0.00	8757899	DMUCABLB 090325.CAB
Maintenance	10/1/2025	1,692.83	1,692.83		Maintenance
Payment	10/3/2025	-1,692.83	0.00	8856555	DMUCABLB 100325.CAB
Maintenance	11/1/2025	1,692.83	1,692.83		Maintenance
Payment	11/3/2025	-1,692.83	0.00	8639354	DMUCABLB 110325.CAB

Balance: 0.00

Destination Maui, Inc. | 380 Huku Li'i Place, Suite 206 | Kihei, HI 96753 | (808)244-9021

11/24/2025

Make check payable to: Maui Sands Association

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**THIS IS OUR LAND LEASE NEGOTIATION DOCUMENT. IT SHOWS OUR LAND LEASE EXPIRES IN 2037. THIS LETTER DATES BACK TO 2018 AND IN THE LETTER IT STATES THE TWO PIECES OF LAND WERE VALUED AT \$10,920,000.**

Maui Sands AQAO  
c/o Associa Hawaii  
375 Huhua Place #207  
Honolulu, HI 96813

September 20, 2018

Mohi Maui Sands Owners,

The Robinson land lease arbitration process has been completed and we can now share with you the lease amounts for the current 10-year period ending June 30, 2027.

Background:

As you are aware, Maui Sands leases two parcels of land from two different owners. The property that borders the road is owned by the Weinberg Foundation and the waterfront parcel is owned by the Robinson family. Both land leases currently extend through July 2037 and, under the terms of the lease, the lease rent rates were to be revised for the current 10-year period. The leases are bundled together in a "sandwich lease" arrangement, managed by Peninsula Properties, a successor company to the original development entity.

The Weinbergs extended their land lease at the same rates as the previous 10-year period over a year ago. However, the Robinsons initially wanted a much higher increase than we were prepared to accept. Your Board held firm that due to the seawall issues and Robinson's refusal to assist in that, we could not agree to this higher lease rent increase. Robinsons refused to budge nor would we, and so arbitration became necessary. This was a lengthy process over the past several months and the outcome is much better than what the Robinsons originally proposed for us.

The new lease amounts:

**Each unit will be paying an increase of between \$32 to \$57 per month beginning November 1, 2018 (but retroactive to the end of the previous lease rent agreement of 7/1/17).** The amount depends on the size and location of your unit based on a long-standing allocation formula.

More good news:

Minutes from a 1987 Annual Owners meeting were discovered in which it was agreed that Peninsula, the sandwich lease holders, would reduce their 25% surcharge to 12.5% beginning in July 2017. This is a considerable decrease from the 25% surcharge paid to Peninsula from 1992 until July 2017 and greatly affects our new payments making them much less of an increase for us.

A schedule of the new lease amounts for all Maui Sands' units is attached and is based on the following formula:

- **Weinberg:** \$235,200 per year plus \$5,000 (\$77.03 per sq. ft.) based on a land value of \$3,920,000 (rounded). As part of the negotiations with Weinberg in the 1980's, Weinberg agreed to extending the lease for an annual "bonus" of \$5,000.

- **Robinson:** \$ 420,000 /year (\$ 99.93 per sq. ft.) based on a land value of \$7,000,000.
- **Peninsula Surcharge:** Reduced from 25% to 12.5% of lease payments.

Retroactive "Catch Up" Payments:

As we have mentioned in previous letters and meetings, any lease rent increase would be retroactive to July 2017. Thus, in addition to the monthly increase, each unit will owe the difference between the previous monthly lease amount for the Robinsons and the new lease amount for the period from July 1, 2017 through October 31, 2018 (16 months) when we will begin paying the new lease amount.

Statements:

In addition to an individual mailing with your statement, you will be receiving a chart showing what each unit pays for lease (attached here also). Lease payments are subject to Hawaii's GET (General Excise Tax), so the column that shows your new needed monthly payment amount is the bold highlighted yellow (or 3<sup>rd</sup> column from the left) labeled as "with GET". **Note: Those on automated payment will have the new monthly fee withdrawn from your account on November 1, 2018.**

Monarch Properties handled the lease negotiations on behalf of our AOAQ and you will be receiving a mailing from them explaining the lease fee negotiations and the new fee amounts, as well. If you have any questions about the negotiations or how this amount was calculated, please contact Monarch Properties. Their contact information will be in the mailing you receive. We thank Monarch for once again doing a great job for us!

We are happy to have the lease fee negotiation completed for the next 10 years!

Maui Sands Board of Directors:

Karen Schoepp, President

David Bouton, Secretary

Ivan Rachkowski, Treasurer

Rosa McAllister and Mo Merheb, Directors

BELOW IS OUR MOST RECENT UPDATE AS TO THE STATUS OF THE LEASE HOLD PURCHASE FROM THE REALTOR. AS INDICATED IN OUR MASTER LAND LEASE NEGOTIATIONS, BACK IN **2018 THE TWO PARCELS WERE VALUED AT \$10,920,000**. I AM NOT SURE WHAT THE VALUES ARE AT NOW BUT IF WE USE THE LAND VALUES FROM 2018 PER

THE NEGOTIATION LETTER – SPLIT EVENLY THAT WOULD BE \$196,071. OF COURSE  
ADJUSTMENTS FOR ONE AND TWO BEDROOM. **BUT TODAYS COST WOULD MUCH HIGHER.**

PER THE TIG REPORT , THIS ANTISCIPATED LAND LEASE PURCHASE WOULD BE A FACTOR  
TO KEEP MAUI SANDS AS A TVR PROPERTY BECAUSE THE VALUES WOULD BE  
UNATTAINABLE FOR LOCAL MAUAIANS.

**MONARCH PROPERTIES, INC.**  
**LEASED-FEE REPRESENTATION PROGRAM**

## **MAUI SANDS**

### **Lease Issues Update**

Keslie Hui (R)  
September 2, 2025

The Board of Directors ("Board") of the Association of Apartment Owners of Maui Sands ("AOAO") hired Monarch Properties, Inc. ("MPI") in 2010. Since then, MPI has represented the AOAO in its 2012 and 2017 lease rent renegotiations and has been helping the Board seek an acquisition of the leased-fee interests from the fee owners. We are currently in active discussions with the landowners to do a lease fee buy-out and would like to provide some background information and status of that process.

#### **LESSORS**

There are two master leases and 56 apartment subleases ("ASLs") at the Maui Sands condominium project which means there are two fee owners and a sandwich interest owner as lessors.

The relationship between the fee owners and sandwich interest owner is contained in the two master leases. The relationship between the sandwich interest owner and the apartment owners are contained in the 56 individual ASLs.

The fee owners are the Robinson Maui Sands Partnership ("Robinson") and the Harry & Jeanette Weinberg Foundation, Inc. ("Weinberg"), also known as master lessors, who own the leased-fee interest in the land. The leased-fee interest is the fee interest in the land and is subject to the master lease and ASLs. It has the reversionary interest in the land (surrender of the property at the end of the lease) and rights to income (part of the lease rent).

The sandwich interest owner is Peninsula Development Hawaii, Inc. ("Peninsula") also known as the master lessee or sublessor. The sandwich interest is essentially a cash flow interest. It has income (part of the lease rent) but no real property ownership and it expires when the ASLs expire.

The ASLs appoint the AOA to renegotiate the master lease rent with the master lessors (Robinson and Weinberg) for the master lessee (Peninsula). It is fairer to have the AOA (who naturally wants the lowest amount) determine land value with the master lessors, rather than have the master lessors and master lessee do it themselves since both naturally want the highest amount.

There is one (1) remaining lease rent renegotiation date: 7/1/27. Lease expiration is 6/30/37.

### **RECAP OF PREVIOUS NEGOTIATIONS**

In 2012, the AOA successfully renegotiated the new lease rent with Robinson and contracted for the purchase of Weinberg's leased-fee interest. However, the AOA was not able to secure financing of the acquisition of Weinberg's interest primarily as it was only for one of the two fee owner interests. The AOA had also offered to purchase Robinson's interest but the value Robinson was seeking at that time, combined with acquiring Weinberg and Peninsula's sandwich interest, would be too high to be financeable or feasible for the AOA and its owners. There were also other factors of concern at that time that lenders could not overlook.

In 2017, the lease fee negotiation with Weinberg resulted in the same lease rent for the previous five years. Negotiations with Robinson were not as simple as they chose to arbitrate the new rent for their parcels of land. The new rent with Robinsons was set in 2018 via an arbitration award.

### **CURRENT STATUS OF FEE CONVERSION OFFER**

The AOA made a new, joint offer to both fee owners this summer. Robinson owns the oceanfront section of the property and is managed by five (5) General Partners, with a total of about 20 family partners. The roadside section of the property is owned by Weinberg.

The fee owners acknowledged receipt of the offer and most (but not all) of the relevant decision makers have expressed interest in further discussions about a possible sale to the AOA. Price and terms of the AOA's offer will be kept confidential at this time, as these matters are highly sensitive while we seek to engage the fee owners in a productive dialogue. Please keep in mind that the fee owners are under no obligation to sell, but we nonetheless believe that a sale and fee conversion at this juncture could be beneficial for all parties.

While the Board and I cannot guarantee you specific result or timeframe, we can assure you of our best efforts in the interests of the AOA and its leasehold members.

I will update you as soon as there is more to report. Meanwhile, if you have any questions, please feel free to contact me at [keslie@mpi-hi.com](mailto:keslie@mpi-hi.com).

**WE ARE AN OCEAN FRONT PROPERTY. BELOW ARE THE TWO INSURANCE POLICES FOR BOTH PARCELS. WE HAVE TWO BUILDINGS RIGHT ON THE OCEAN SEAWALL WITH ABOUT 20 FEET FROM THE SEAWALL AND FOUR OTHER BUILDINGS RIGHT BEHIND THEM. OUR FLOOD INSURANCE GOES UP ABOUT 5% - 9% EVERY YEAR. CURRENTLY WE PAY \$21,018 + \$39,024 = \$60,042 TOTAL EVERY YEAR.**



A Stock Company  
P.O. Box 33063  
St. Petersburg, FL 33733-6063  
Customer Service: 1-800-420-3242  
Claims: 1-800-725-9472

FFL99.001 1124  
0600305  
2/18/25  
2000 11523 FLD RCBP

**FLOOD DECLARATIONS PAGE**  
RENEWAL

National Flood Insurance Policy

Policy Number	NFIP Policy Number	Product Type
52 1151921250 05	1151921250	Residential Condominium Building Policy Form

Policy Period	Date of Issue	Agent Code	Prior Policy Number
From: 2/08/25 To: 2/08/26 12:01 am Standard Time	02/18/2025	0600305	FLD1190883

Agent (808)540-3333  
BROWN & BROWN INSURANCE  
SERVICES INC  
700 BISHOP ST STE 1400  
HONOLULU HI 96813-4116  
JOSIE.CERVANTES@BBBROWN.COM

AOAO MAUI SANDS CONDO ASSN UNIT OWNERS  
ATIMA CO DESTINATION MAUI INC  
380 HUKU LII PL STE 206  
KIHIE HI 96753-7043

Property Location (if other than above):  
3558 LOWER HONOPILANI RD, BLDG 6, LAHAINA HI 96761

Rating Information	Flood Risk: AE
Rate Category: Rating Engine	First Floor Height: 1.0 ft
Primary Residence: N	Method Used to Determine First Floor Height: FEMA Determined
Building Occupancy: Residential Condominium Building	Date of Construction: 08/30/1969
Building Description: Entire Residential Condo Building	Prior NFIP Claims: 0
	Number of Units: 8
Property Description: Slab on Grade, 2 floors	Replacement Cost Value: 1,694,000

Coverage	Deductible	Annual Premium
BUILDING \$1,694,000	\$10,000	\$24,784.00
CONTENTS NO CONTENTS COVERAGE	INSURED DECLINED CONTENTS COVERAGE	\$0.00

Your property's NFIP flood claims history can affect your premium. For more information contact your insurance agent or company.

ICC Premium: \$75.00  
Community Rating Discount: \$11.00  
FULL RISK PREMIUM: \$24,848.00  
Statutory Discounts  
Annual Increased Cap Discount: \$7,567.00  
DISCOUNTED PREMIUM: \$17,281.00  
Reserve Fund Assessment: \$3,111.00  
Federal Policy Service Fee: \$376.00  
HFIAA Surcharge: \$250.00  
TOTAL ANNUAL PAYMENT \$21,018.00

**THIS IS NOT A BILL**

Premium Paid by: Insured

**Forms and Endorsements:**

FFL 99.310 0224 0224 WFL 99.416 1021 1021 FFL 99.117 1021 1021

This policy is issued by NAIC company 11523  
Wright National Flood Insurance Company A stock company  
Copy Sent To: As indicated on back or additional pages, if any.

*Patricia A. Cervantes*  
Patricia A. Cervantes, President

060030552115192125025049

00004

Company



A Stock Company  
P.O. Box 33063  
St. Petersburg, FL 33733-6063  
Customer Service: 1-800-420-3242  
Claims: 1-800-725-9472

FFL99.001 1124  
0600305  
2/18/25  
2000 11523 FLD RCBP

**FLOOD DECLARATIONS PAGE**  
RENEWAL

National Flood Insurance Policy

RENEWAL			
Policy Number	NFIP Policy Number	Product Type	
52 1151917411 05	1151917411	Residential Condominium Building Policy Form	
Policy Period	Date of Issue	Agent Code	Prior Policy Number
From: 2/08/25 To: 2/08/26 12:01 am Standard Time	02/18/2025	0600305	FLD1190880

Agent (808)540-3333  
BROWN & BROWN INSURANCE  
SERVICES INC  
700 BISHOP ST STE 1400  
HONOLULU HI 96813-4116  
JOSIE.CERVANTES@BBBROWN.COM

AOAO MAUI SANDS CONDO ASSN UNIT OWNERS  
ATIMA CO DESTINATION MAUI INC  
380 HUKU LII PL STE 206  
KIHIE HI 96753-7043

Property Location (if other than above):  
3559 LOWER HONOPILANI RD, BLDG 3, LAHAINA HI 96761

Rating Information	Flood Risk: AE
Rate Category: Rating Engine	First Floor Height: 1.0 ft
Primary Residence: N	Method Used to Determine First Floor Height: FEMA Determined
Building Occupancy: Residential Condominium Building	Date of Construction: 08/30/1969
Building Description: Entire Residential Condo Building	Prior NFIP Claims: 0
	Number of Units: 12
Property Description: Slab on Grade, 2 floors	Replacement Cost Value: 2,662,000

Coverage	Deductible	Annual Premium
BUILDING \$2,662,000	\$10,000	\$39,024.00
CONTENTS NO CONTENTS COVERAGE	INSURED DECLINED CONTENTS COVERAGE	\$0.00

Your property's NFIP flood claims history can affect your premium. For more information contact your insurance agent or company.

ICC Premium: \$75.00  
Community Rating Discount: \$1,922.00  
FULL RISK PREMIUM: \$37,177.00  
Statutory Discounts  
Annual Increased Cap Discount: \$10,073.00  
DISCOUNTED PREMIUM: \$27,104.00  
Reserve Fund Assessment: \$4,878.00  
Federal Policy Service Fee: \$564.00  
HFIAA Surcharge: \$250.00  
TOTAL ANNUAL PAYMENT \$32,797.00

**THIS IS NOT A BILL**

Premium Paid by: Insured

**Forms and Endorsements:**

FFL 99.310 0224 0224 WFL 99.416 1021 1021 FFL 99.117 1021 1021

This policy is issued by NAIC company 11523  
Wright National Flood Insurance Company A stock company  
Copy Sent To: As indicated on back or additional pages, if any.

*Patricia A. Cervantes*  
Patricia A. Cervantes, President

060030552115192125049

00008

Company

## **MAINTENANCE SCHEDULE AND FEES**

MAUI SANDS IS 60 YEARS OLD AND IS THE GRAND DAME' OF WEST MAUI RESORTS BECAUSE MAUI SANDS WAS THE FIRST RESORT BUILT IN WEST MAUI. AS SUCH, WE HAVE HIGHER THAN NORMAL MAINTENANCE COST BECAUSE OF THE OCEAN AND AGE. WE HAVE HAD DEFERRED MAINTENANCE ISSUES FOR MANY YEARS.

I HAVE OWNED AT MAUI SANDS SINCE 2005. I CAN ATTEST THAT YOU COULD OBSERVE DEFERRED MAINTENANCE THROUGH THE YEARS. CURRENTLY THE CONDITION OF MAUI SANDS IS THE BEST IVE SEEN IT. FOR EXAMPLE: WE ARE NOW SOURCING OUT A VERY EXPENSIVE SPALLING JOB. SEE BELOW. THE COLUMN HEADERS SHOW WE HAVE VERY LITTLE EST.REMAIN LIFE LEFT. THE SPALLING COST IS ESTIMATED TO BE \$88,500 THIS YEAR 2025. IN THREE YEARS, 2028, WE HAVE A MORE EXPENSIVE REPAIR OF \$117,600. WE ARE CONSTANTLY UNDERFUNDED BECAUSE OF MAINTENANCE COST OFTEN COMES IN HIGHER BECAUSE OF UNKNOWN ISSUES MOSTLY BECAUSE WE ARE ON THE OCEAN AND PLAYING CATCH-UP.

Item No.	Major Component	Est. Useful Life	Est. Remain. Life	Estimated Cost to Replace	2025
<b>Spalling &amp; Repairs</b>					
70	CMU Block - Gutter Installation Repair/Replace Allowance.	99	1	80,000	80,000
71	Decorative Dividing Walls - Bldgs 4.5 Repair Allowance	15	1	8,500	8,500
72	Exterior Surfaces - Major Spall Repairs (4%)	20	3	117,600	-
73	Exterior Surfaces - Minor Spall Repairs (2%)	20	13	58,800	-

THE SNIPPET BELOW SHOWS THAT DESPITE OUR HIGH MAINTENANCE COST OUR COSTS ARE HIGH AND AS SUCH WE ARE ALWAYS UNDER FUNDED. BELOW SHOWS WE ARE UNDERFUNDED BY 65.47%. OVERALL MAINTENANCE IS ESTIMATED TO BE **UNDERFUNDED BY \$1,393,449**

Effective January 01, 2025

1

	2025
<b>CASH FLOW METHOD:</b>	
CASH RECEIPTS	0%
1. Assessments	\$ 191,796
2. Interest Earned @ 3.0%	6,000
3. Total Cash Receipts	\$ 197,796
4. Less Major Component Costs - Section II	-252,900
5. Net Increase (Decrease) in Cash	\$ (55,104)
6. Cash Reserve Balances At Beginning Of Year (1)	790,178
7. Cash Reserve Balances At The End Of Year (2)	735,074
<b>PERCENTAGE OF LIABILITY METHOD:</b>	
8. Estimated Total Liability - Section III	\$ 2,381,423
9. Less Major Components Paid in Current Yr	-252,900
10. Net Liability at Dec 31	\$ 2,128,523
11. Less: Cash Balance at Dec 31	-735,074
12. Estimated Unfunded Liability at Dec 31	\$ 1,393,449
13. Percentage Funded (3)	34.53%
14. Percentage Unfunded	65.47%

## SEA LEVEL RISE AND EXPOSURE AREA

I have attached a parcel map view of Maui Sands I (440010530000) , Maui Sand 2 (Seaside) (44001071000) and Paki Maui (440010510000). Both properties were included on Exhibit 2 and Maui Sands I was not. Maui Sands is to the left or bottom of the photo.

You can see that Maui Sands I is much closer to the ocean than Paki Maui and a tad bit closer to the ocean and Maui Sands 2 (Seaside). Both properties have a bit less of a danger of sea level rise and subsequent erosion than Maui Sands I.



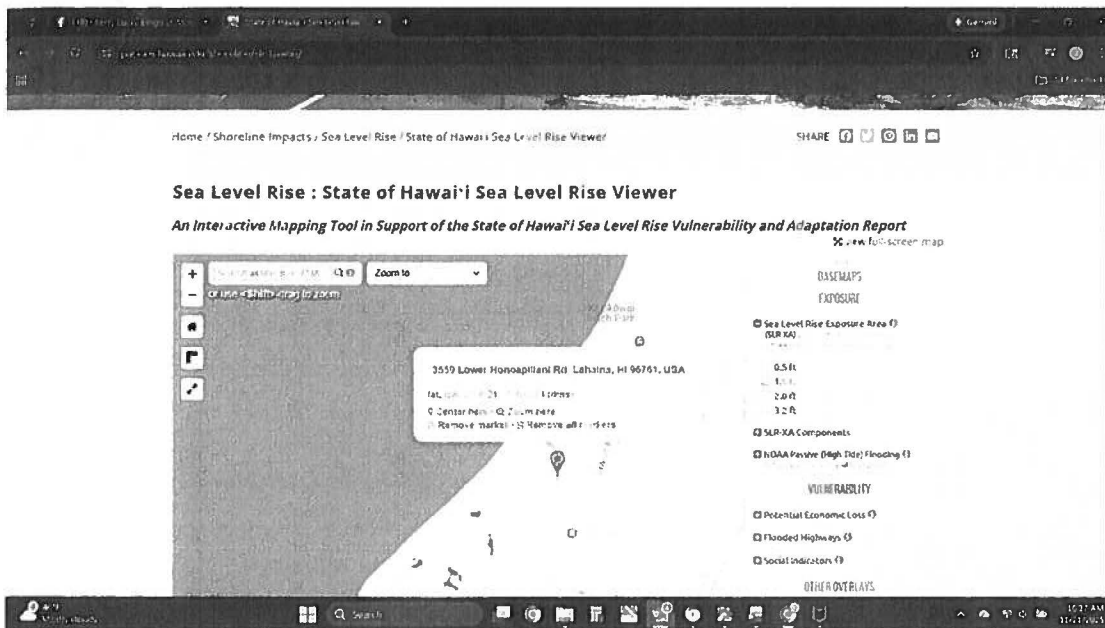
Below is an excerpt giving guidance to evaluate the two sea level rises in the SLR-XA. The map shows that we are in an area that would be vulnerable to sea rise of the 4 ft and 6 ft that State of Hawaii says is the minimum scenario we should be planning for. Below is text taken from 2022 Hawaii Sea Level Rise. Attached are screen shots of Maui Sands 1 and possible road/hi-way flooding that would occur at the sea levels that rise. Per the TIG Report text "properties where any portion of the property is located in the full SLR-XA or would already impacted by sea-level rise would not produce long-term housing options for residents and therefore be appropriate to continue TVR uses".

Guidance from the State of Hawai'i based on the 2022 Hawai'i Sea Level Rise Vulnerability and Adaptation Report recommends evaluating two sea level rise scenarios depending on tolerance for risk:

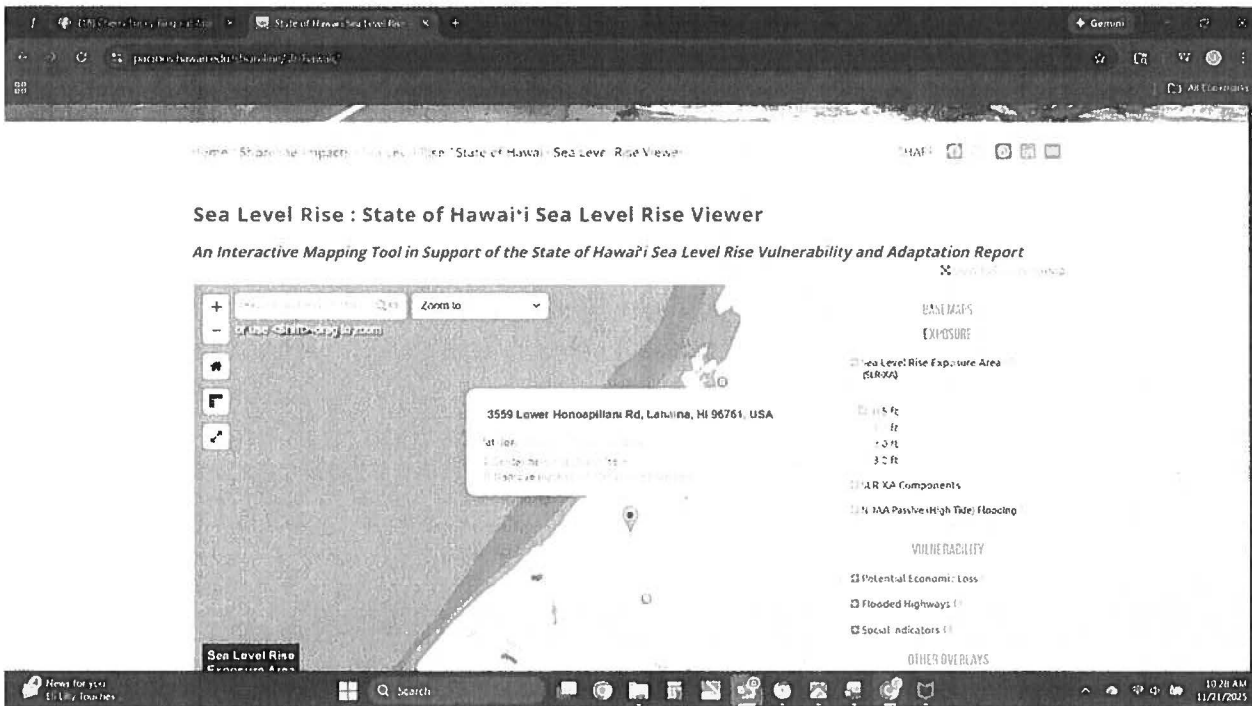
1. **4 feet** of sea level rise should be considered as the minimum scenario for *all planning and design*. This is following the latest NOAA interagency sea level rise report (Sweet et al., 2022) based on the report's Intermediate (mid-range) scenario for Hawai'i of 3.9 feet of sea level rise by 2100. **Continue to use the 3.2-foot SLR-XA and NOAA 4-foot passive flooding map data until updated SLR-XA data are available.**
2. **6 feet** of sea level rise should be considered for *planning and design of public infrastructure projects and other projects with low tolerance for risk*. This is based on the NOAA 2022 report's Intermediate-High scenario for Hawai'i of 5.9 feet of sea level rise by 2100. **Use the 3.2-foot SLR-XA along wave-exposed shorelines and NOAA 6-foot passive flooding map data in areas landward of annual high wave and coastal erosion hazard areas until updated SLR-XA data are available.**

Zero Sea Rise: this is our baseline and we move forward as recommended on this model of sea rise from the State of Hawaii to see the level of erosion and destruction for Maui Sands I

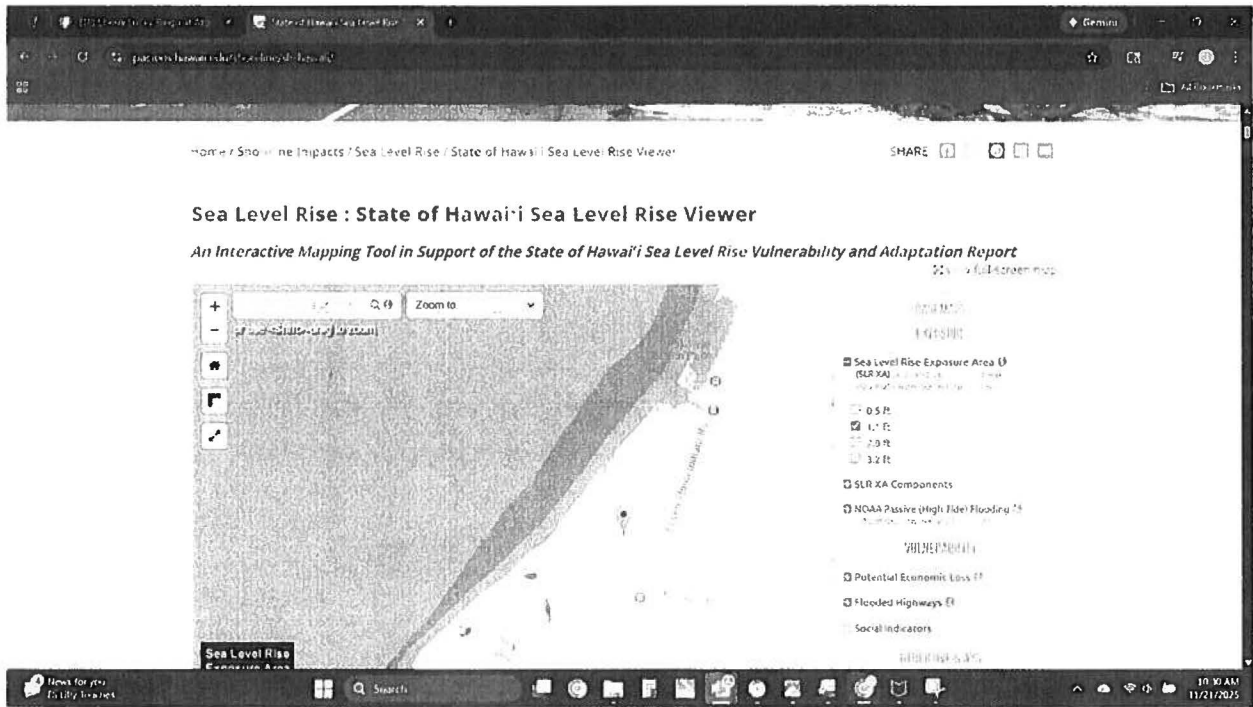
## **ZERO- SEA RISE BASELINE**



## .5 SEA RISE – FLOODING WOULD OCCUR AT THE TWO OCEAN FRONT BUILDINGS



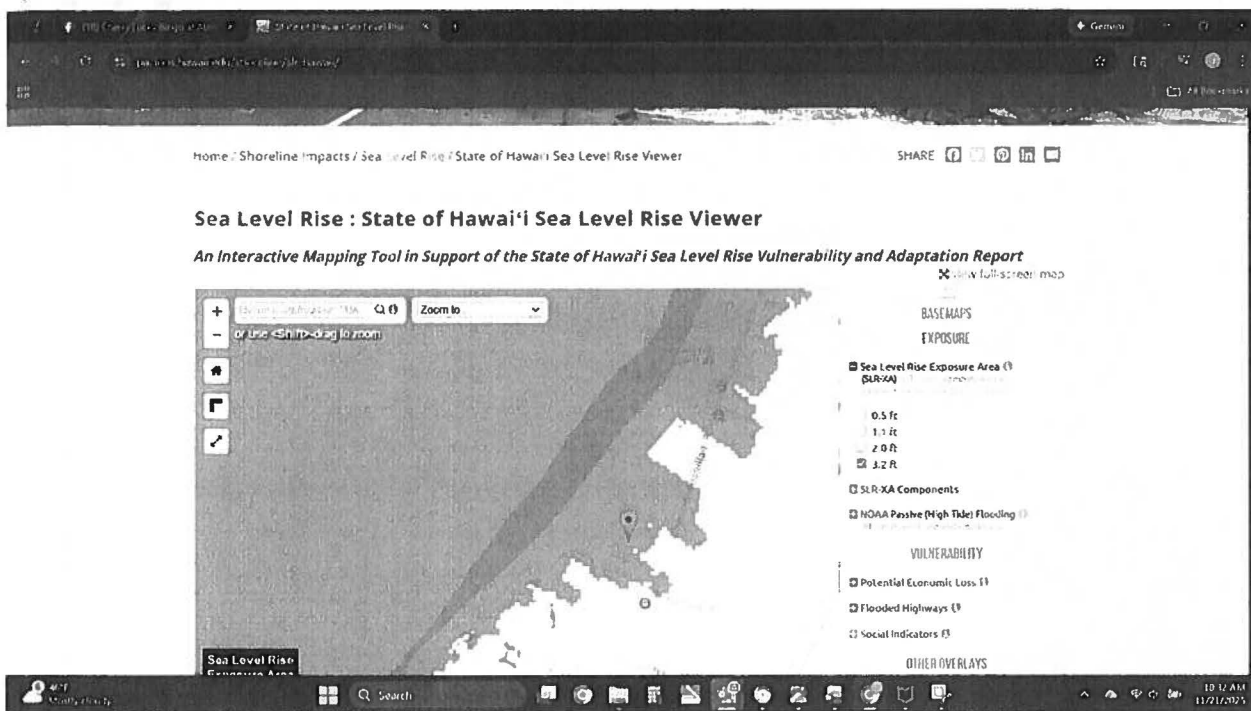
## 1.5 ft - SEA RISE FLOODS THIRD OF THE LAND AT MAUI SANDS



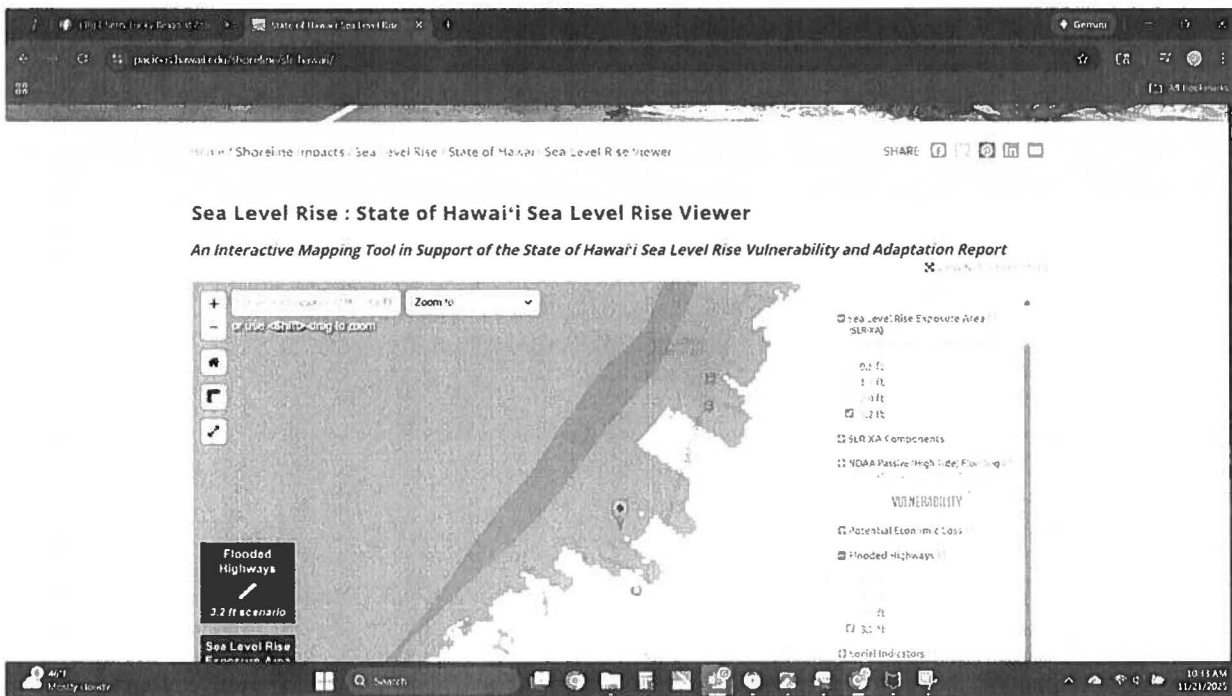
## 2 ft - SEA RISE FLOODS NEAR HALF THE LAND



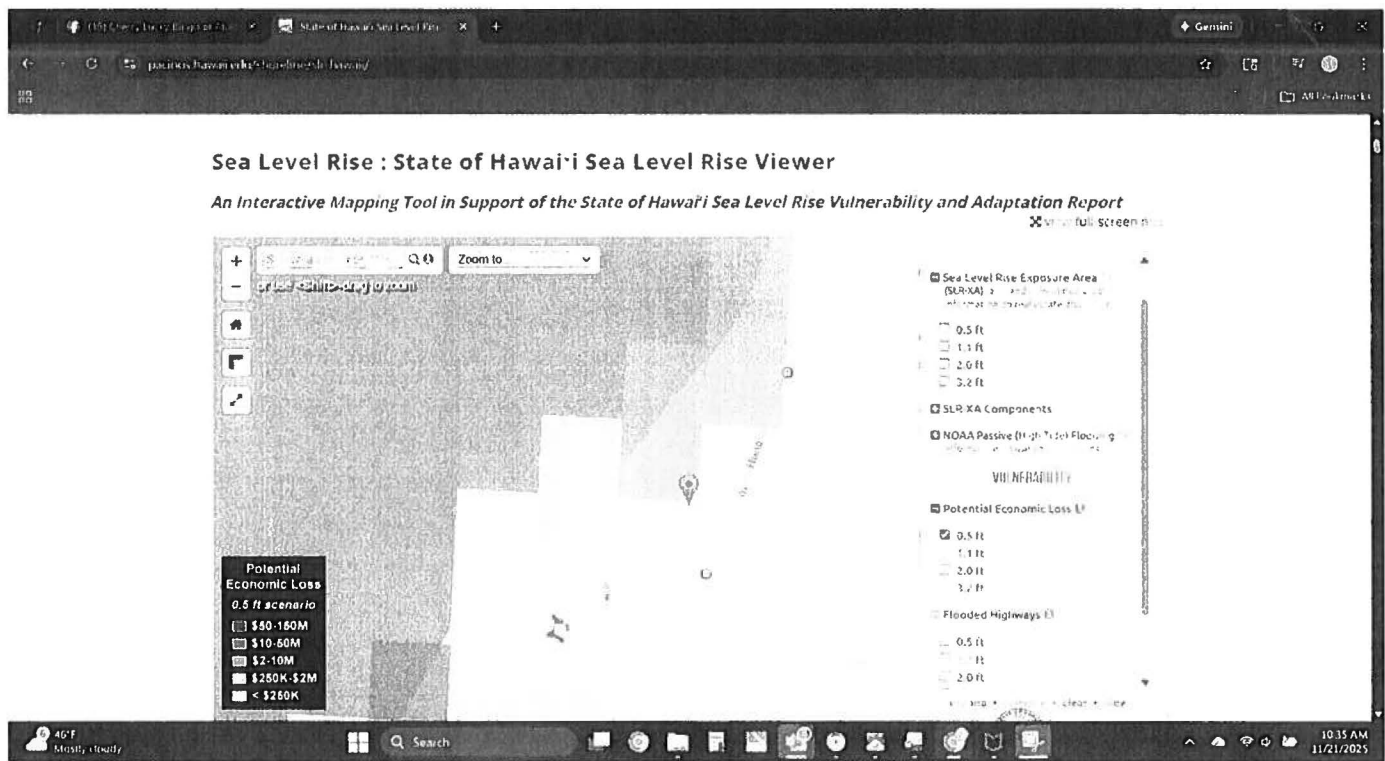
## 3.2 FT - SEA RISE FLOODS ALL OF MAUI SANDS



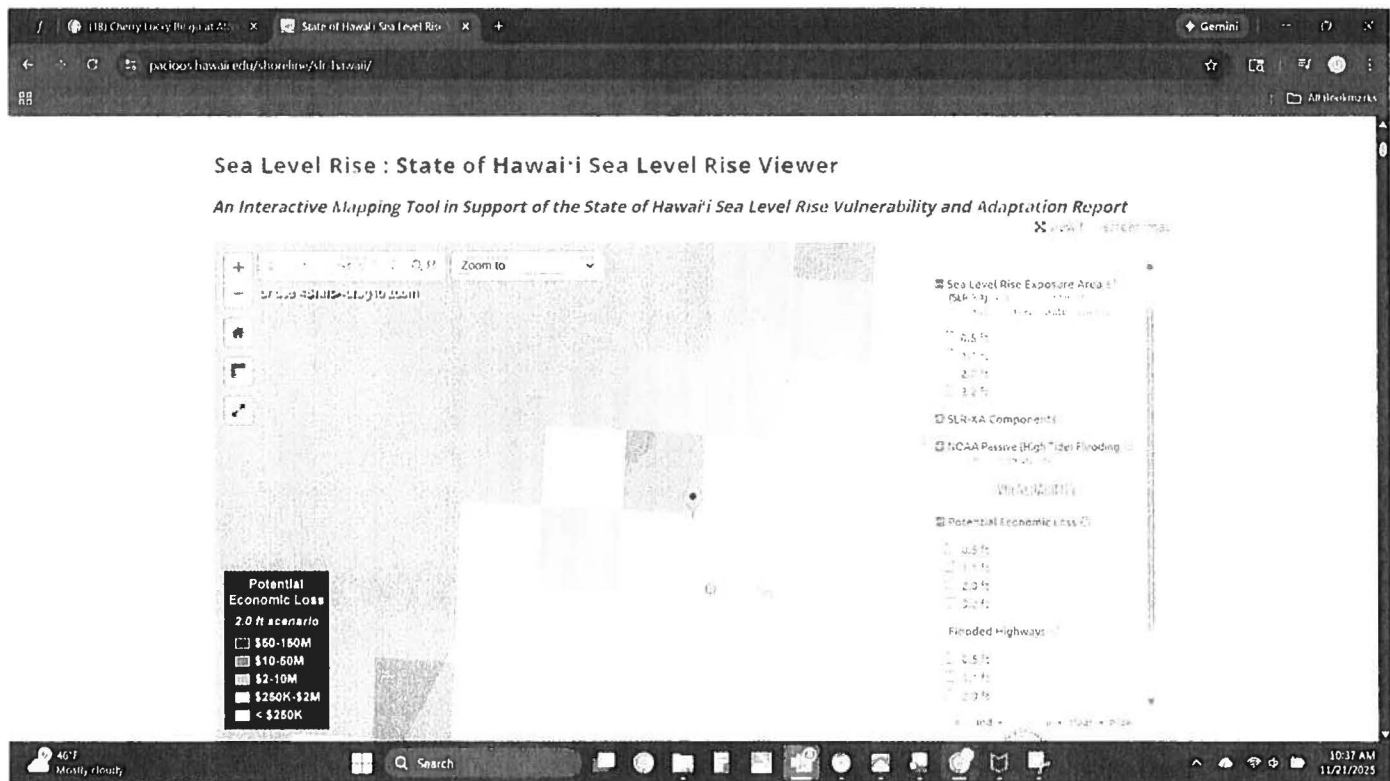
## 3.2 FT - FLOODS ALL OF MAUI SANDS AND THE ROAD IN FRONT



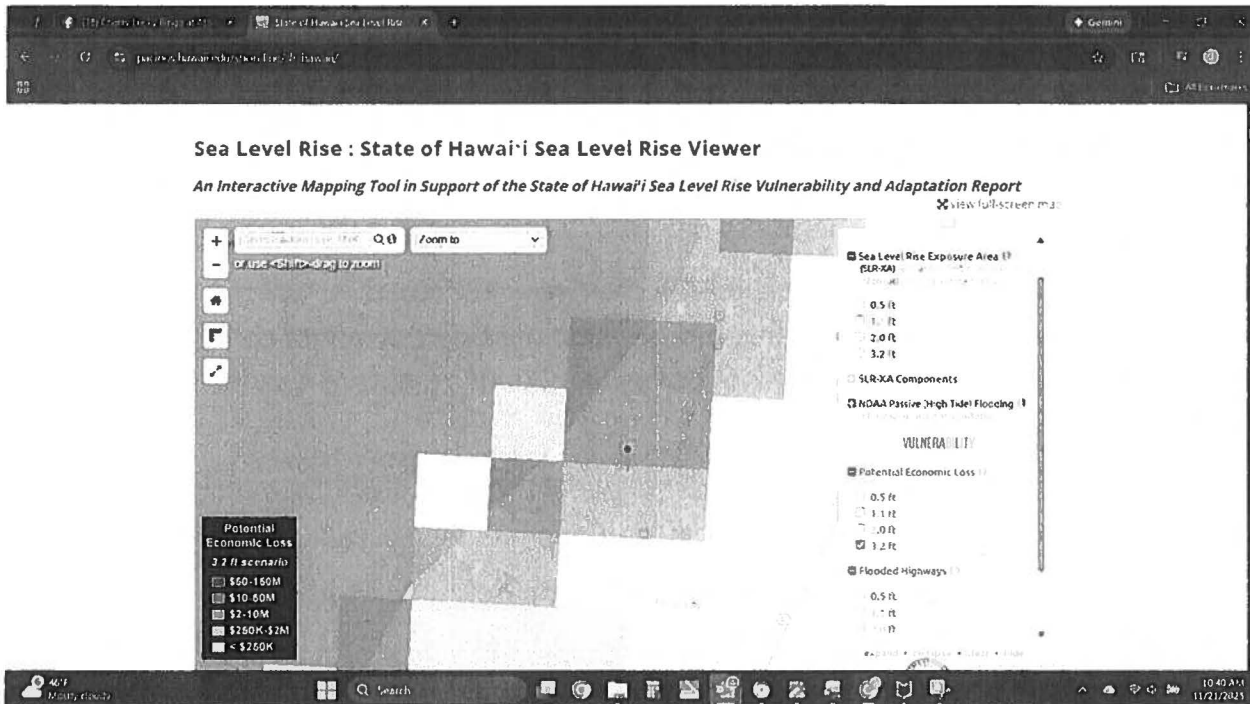
## .5 SEA RISE - TRANSLATES INTO A \$250,000 to \$2,000,000 ECONOMIC LOSS FOR MAUI SANDS.



**2 ft SEA RISE TRANSLATES INTO A \$2,000,000 to \$50,000,000 ECONOMIC LOSS FOR MAUI SANDS**



### 3.2 SEA RISE STILL TRANSLATES INTO A \$2,000,000 TO \$10,000,000 ECONOMIC LOSS FOR MAUI SANDS



COASTAL EROSION ESTIMATED BY THE STATE OF HAWAII SHOWS THE VEGETATION LINE AND SHOWS A .5 RISE IN SEA LEVEL TO 3.2 FT COASTAL EROSION. BEING ON THE OCEAN, MAUI SANDS HAS EXPERIENCED AND WILL EXPERIENCE MUCH MORE COASTAL EROSION THAN PROPERTIES ON THE OTHER SIDE OF THE ROAD. COASTAL EROSION FOR MAUI SANDS STARTS AT .5 FT AND GET CASTROPHIC AT 3.2 FT. THIS REPORT HAS FORECASTED \$250,000 TO \$10,000,000 LOSS. EROSION CAUSED BY THE OCEAN WIL NOT GET BETTER AND WILL COLLAPSE OUR SEAWALL.

UNACCOUNTED FOR LEASEHOLD PAYMENTS OF \$500,000

I am not accusing anyone one of any wrong doing. We are missing approx. \$500,000 in lease hold payments. We do not collect these fees. We have a sandwich lease that is between us and the owners of the land, the Robinsons and Weinbergs Foundations. The lease payments are collected by the Peninsula Lease and Peninsula keeps an agreed upon 15% and pays the land lease due to the Robinsons and Weinbergs.

Below are emails that verify this problem. The main owners of the sandwich lease, which I think is a total of 5 owners are in their 80s and elderly and not in good health. Earlier this year the two main people, a married couple, quit doing their sandwich lease responsibility. I was told because of failing health. That responsibility is cashing and accounting for land lease payments. All the owners were wondering what was going on. The other members of Peninsula refused to take over because of the missing payments.

There is email from me to their attorney about this. For me, the missing payments came to light as we were wondering why land lease payments were not being cashed for months. There has yet to be a forensic accounting of the missing payments.

As our board president said, if the Robinsons and Weinbergs can not resolve this with Peninsula, they will look to us to pay it. Meanwhile the threat of liens on each of our units is very real.

TIG Report commented on page 8 about litigation. **The TIG also acknowledges that properties that are subject to litigation are (1) less likely to be sold; and (2) less likely to be bought by local residents.** We at Maui Sands are probably faced with some sort of litigation that includes hiring attorneys and possibly pay for a forensic accountant if we want this issue resolved. This will be a costly and time-intensive effort. There is \$500,000 missing in payments to the landlords, Robinsons and Weinbergs.

Below is a letter to the Peninsula Trustees from our attorney. I have also attached a couple emails. One from Peninsula Lease Attorney and Robinsons Trust Attorney. We are hoping this is just accumulated missing payments that can easily be resolved by a forensic accountant. For example: during 2008 real estate bust, there were no lease hold payments made for quite awhile on multiple condo that went into bankruptcy and sold in foreclosure.

**From:** Paul Horikawa <[phorikawa3316@gmail.com](mailto:phorikawa3316@gmail.com)>

**Sent:** Tuesday, May 20, 2025 11:23 AM

**To:** John Chaisson <[John@atomicbudz.com](mailto:John@atomicbudz.com)>

**Subject:** Re: maui sands sandwich lease

John Chaisson:

I am working with representatives of the Sublessor on this matter. I don't know how this matter will be resolved.

Paul L. Horikawa

Law Office of Paul L. Horikawa

2233 Vineyard Street, Suite E

Wailuku, Hawaii 96793

Telephone No. (808) 244-4671

On Tue, May 20, 2025 at 7:48 AM John Chaisson <[John@atomicbudz.com](mailto:John@atomicbudz.com)> wrote:

Opps I forgot one email

**From:** John Chaisson

**Sent:** Tuesday, May 20, 2025 10:48 AM

**To:** [phorikawa3316@gmail.com](mailto:phorikawa3316@gmail.com); [gaif2000@yahoo.com](mailto:gaif2000@yahoo.com); [rtiedeman197@gmail.com](mailto:rtiedeman197@gmail.com); [tuck06@comcast.net](mailto:tuck06@comcast.net)

**Subject:** maui sands sandwich lease

**Importance:** High

Aloha – I am trying to get to someone who can actually help us.

The Kunisawas have resigned their roles as beneficiaries. Here at maui sands we all have a problem.

The accounting of the collection of lease payments is wrong for many people.

We have checks cashed and not accounted for and checks not cashed.

Who do we all need to contact to straighten this out?

mahalo

Law Office of Paul L. Horikawa

2233 Vineyard Street, Suite E

Wailuku, HI 96793

Phone: (808) 244-4671 Fax: (808) 249-0124

Keri C. Mehling, Attorney at Law  
a limited liability law company  
PO Box 2050, Kihei, Maui, Hawaii 96753  
(808) 419-6299  
[kerimc.com](mailto:kcm@kerimc.com)

January 17, 2025

Via CMRRR and U.S. Mail

Adel Kunisawa (pendevhawaii@trust@gmail.com)  
Ryosuke Kunisawa  
Peninsula Development-Hawaii Trust  
119 Bagwell Farm Road  
Spartanburg, SC 29302

Re: Maui Sands Association of Apartment Owners Payment of Lease Fee

Dear Adel and Kay:

This office continues to represent the Association of Apartment Owners of Maui Sands (the "Association"). I write with respect to questions the owners at Maui Sands have regarding the payment of the lease rents.

I understand that you have both resigned your position(s) as trustees of the Peninsula Development Hawaii Trust ("Trust"). The Trust is in the 'sandwich' position on the underlying land lease and is obligated to collect the lease fee from owners and pay the relevant portions to landowners Robinson Maui Sands Partnership and The Harry and Jeannette Weinberg Foundation, Inc.

Given your resignation and the lack of communications to the ownership as to where they should continue to send payment, I write to get clarification from you. Please advise:

- 1) Where payments are to be sent;
- 2) Who is the appropriate contact person or new Trustee acting on behalf of the Trust along with their contact details (phone and email and address if different from above); and
- 3) Whether all lease rent payments made by ownership to date have been forwarded to the landowners.

As I am sure you can appreciate, the ownership is very concerned that their payments are being properly processed and accounted for so there will be no impairment or encumbrance on the title of their respective apartments. Due to the lack of communication on this issue, we understand some owners are considering opening escrow accounts and depositing their lease rent to such an account until they receive formal notice from the Trust as to its course of action. For all parties, we would like to help avoid that by providing the information requested above to our ownership.

BELOW IS AN EMAIL FROM PENINSULA DEVELOPMENT ATTORNEY, PAUL HORIKAWA WHO IS RESPONSIBLE FOR COLLECTING AND PAYING THE TWO LAND LORDS. I ASKED QUESTIONS CONCERNING THIS. HE REPLIED BELOW. PLEASE NOTE HE HAS NO IDEA HOW TO RESOLVE THIS MATTER. ALSO AS I UNDERSTAND IT, THE ACCOUNTING RECORDS OF PENINSULA DEVELOPMENT ARE NOT UP TO PAR AS THEY SHOULD BE.

" John Chaisson:

I am working with representatives of the Sublessor on this matter. I don't know how this matter will be resolved."

- Aloha – we sent the letter in Jan. No one at Maui Sands has said anyone has contracted us back.

Who are you representing?