

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer: Joseph Gibson Blackburn II and Shirley Lokelani Blackburn
Address: 320 Ekoa St., Wailuku, HI 96793

Project Name(*): Kula Orchards
Address: 152A, 152A1 & 152A2 Kulalani Circle, Kula, HI 96790

Registration No. 4064 Effective date: July 23, 1999
(Partial Conversion) Expiration date: August 23, 2000

Preparation of this Report:

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

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

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

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

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

Type of Report:

 PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

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

 SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] Preliminary Public Report dated: _____
[] Final Public Report dated: _____
[] Supplementary Public Report dated: _____

And [] Supersedes all prior public reports.
[] Must be read together with _____
[] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Joseph Gibson Blackburn II and Shirley Lokelani Blackburn Phone: (808) 242-1478
Name Shirley Lokelani Blackburn (Business)
320 Ekoa Pl., Wailuku, HI 96793
Business Address

Names of officers or general partners of developers who are corporations or partnerships:

Real Estate Broker: MSY dba Aina Maui Properties Phone: (808) 242-1478
Name (Business)
535 Lipoa Parkway Ste. 152
Business Address
Kihei, HI 96753

Escrow: Title Guaranty Escrow Services Phone: (808) 244-7924
Name (Business)
Wailuku Branch
Business Address
2103 Wells Street, Suite C
Wailuku, HI 96793

General Contractor: Joseph Gibson Blackburn II Phone: (808) 242-1478
Name (Business)
320 Ekoa Place Roger I Knox, Jr. Phone: (808) 879-2360
Business Address dba Wailea Builders
Wailuku, HI 96793 38 Makena Road
Makena, HI 96753

Condominium Managing Agent: Self-Managed by the Association Phone: _____
Name of Apartment Owners (Business)

Business Address

Attorney for Developer: Sanford J. Langa Phone: (808) 242-7222
Name (Business)
1129 E. Lower Main St., #104
Business Address
Wailuku, HI 96793

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 98-046532
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2712
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 98-046533
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

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

2. Developer:

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [x] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
[] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi-Annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [] Month [] Year

For Sub-leaseholds:

- [] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[] Canceled [] Foreclosed
[] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi-Annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [] Month [] Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 152A, 152A1 & 152A2 Kulalani Cir Tax Map Key (TMK): (2) 2-3-22-66
Kula, HI 96790

Address TMK is expected to change because _____

Land Area: .940 square feet acre(s) Zoning: R-3, Residential

Fee Owner: Joseph Gibson Blackburn II and Shirley Lokelani Blackburn
 Name
320 Ekoa Pl.
 Address
Wailuku, HI 96793

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 3 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>3</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

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

Pets: _____

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
<u>1</u>	<u>1</u>	<u>2/1</u>	<u>700</u>	<u>480</u>	<u>garage/deck</u>
<u>2</u>	<u>1</u>	<u>2/1</u>	<u>700</u>	<u>480</u>	<u>garage/deck</u>
<u>3</u>	<u>1</u>	<u>2/1</u>	<u>600</u>	<u>480</u>	<u>garage/deck</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 3

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

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

Boundaries of Each Apartment:

Perimeter walls of each building.

Permitted Alterations to Apartments:

On approval by 75% of the owners.

7. Parking Stalls:

Total Parking Stalls: 3

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>1</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>3</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>3</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>3</u>

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

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: _____

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

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

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

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit _____

as follows: **The land is fee simple; all parking areas and driveways; and all ducts, electrical equipment, wiring and other central and appurtenant installations for services including power, light, water, sewage, irrigation and telephone, that are not within any apartment.**

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

There are no limited common elements in this project.

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

described in Exhibit A*.

as follows:

*Note: Land areas referenced herein are not legally subdivided lots.

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

described in Exhibit _____.

as follows: 1/3 undivided interest each for Apartment 1, 2 and 3.

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

Exhibit B describes the encumbrances against the title contained in the title report dated August 19, 1998 and issued by Title Guaranty of Hawaii Incorporated.

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- X] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest may be terminated on foreclosure, however, Buyer shall be entitled to a refund if deposit less escrow cancellation fees.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

One year of date of sale.

2. Appliances:

Dryer, Range, Refrigerator and Washing Machine.

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

Apartment 1 was completed in 1992.
Apartment 2 was completed in 1992.
Apartment 3 was completed in 1998.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

Exhibit C* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). *Note: Developer has not conducted a reserve study in accordance with Section 514A-83.6 HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

C. Utility Charges for Apartments:

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit D contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 7, 1998
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any. **NONE.**
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended). (See #5 & 6 in Title Rpt.)
 - H) Other Kula Orchards Subdivision Agreement dated 9-15-95.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4064 filed with the Real Estate Commission on November 17, 1998.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

Disclosure of Sex Offender Registration Notification Law
(See Attached.)

Disclosure re: Selection of Real Estate Broker

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer/Owner Joseph Gibson Blackburn II, RS 34258 is a current and active Hawaii-licensed real estate salesperson. Further that Joseph Gibson Blackburn II is associated with MSY Corp. dba Aina Maui Properties, the project broker. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

Disclosure of Sex Offender Registration Notification Law

The State of Hawaii has adopted the Sex Offender Registration and Notification Law: HRS Chapter 846(E). This law requires sex offenders to register with the Attorney General and comply with certain provisions as set forth in the statute. Some of that registration information is available to the general public which includes names and alias names used by the offender; street name and zip code; where the offender is staying for more than 10 days; future address and telephone number where the offender is planning to reside; street name and zip code of the offender's current locations of employment; vehicle registration information for all vehicles owned or operated by the offender; brief summary of the criminal offense and a photograph of the offender.

The above-referenced information is available for inspection upon request at the Hawaii Criminal Justice Data Center and at selected police stations statewide. In the County of Maui, the information is available at the Wailuku Police Station between 8:00 a.m. and 4:30 p.m. weekdays, excluding holidays. A fee may be charged for some of that information.

Sellers have not examined the data base to determine whether or not any registered sex offenders are residing near or in the neighborhood of the real property being sold; neither do they make any representation as to the whereabouts of these offenders; nor accept any responsibility or liability for the locations of sex offenders. Buyers and Sellers of real estate are entitled to this information and may obtain it as detailed above, but must proceed to locate it on their own behalf and accept responsibility for so doing.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Joseph Gibson Blackburn II and Shirley Lokelani Blackburn

Printed Name of Developer

By:  7/14/99
Duly Authorized Signatory Date

Joseph Gibson Blackburn II, Developer

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui
Planning Department, County of Maui

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

C. Limited Common Elements:

Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements #1, #2 and #3 are the yard areas designated on the condominium map and the parking spaces, driveways, landscaping, utility facilities, and all other improvements located within the yard areas surrounding each apartment and located as shown on the condominium map. Each of said limited common elements is appurtenant to the apartment situated within the perimeter of the yard area in which it is situated. Limited common element "A" is a driveway serving Apartment #3 as shown on the Condominium Map.

EXHIBIT "A"

Encumbrances Against Title

- 1.) For real property taxes that maybe due and owing, reference is made to the County of Maui, Department of Finance.

Tax Key: 2-3-022-066 (2) Area Assessed: .939 acres

2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATED : August 22, 1960
RECORDED : Liber 3910 Page 490

3. An Easement for Pedestrian Access and Utility purposes over, under and across Lot 52-A, in favor of Lot 35-A, as set forth in DEED dated December 31, 1985, recorded in Liber 19245 at Page 356, said easement being more particularly described as per survey of George F. Newcomer, Registered Professional Land Surveyor, dated October 24, 1983 (Revised May 8, 1984), to-wit:

EASEMENT "A"

Beginning at a pipe at the southeast side of this easement, on the westerly side of Haleakala Road (Federal Aid Project No. 5-B), said pipe being also the northeast corner of Lot 60 of the Kula Orchards Subdivision (File Plan No. 679), the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU PANE" being:

10,479.22 feet south
3,016.64 feet east

and running by azimuths measured clockwise from true South:

1. 105° 59' 177.02 feet along said Lot 60 of the Kula Orchards Subdivision and along the remainder of said Land Commission Award Number 281-B to Ali to a

EXHIBIT "B"

Exhibit "B"

				pipe;	
2.	89°	43'	01"	82.36	feet along said Lot 35-A of this subdivision and along the remainder of Land Commission Award Number 281-B to Ali to a pipe;
3.	121°	43'	20"	11.09	feet along Lot 34 of said Kula Orchards Subdivision and along the remainder of said Land Commission Award Number 281-B to Ali to a pipe;
4.	269°	43'	01"	92.97	feet along the remainder of said Lot 52-A of this subdivision and along the remainder of said Land Commission Award Number 281-B to Ali to a pipe;
5.	285°	59'		177.00	feet along Lot 59 of said Kula Orchards Subdivision and along the remainder of said Land Commission Award Number 281-B to Ali to a pipe on the westerly side of said Haleakala Road (F.A.P. No. 5-B);
6.	11°	04'	36"	6.00	feet along said westerly side of Haleakala Road to the point of beginning and containing an area of 1,574 square feet, more or less.

Exhibit "B"

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED
DATED : December 31, 1985
RECORDED : Liber 19245 Page 356

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : SECTION 14.04.010(E) AGREEMENT RELATING TO
FIRE PROTECTION
DATED : October 15, 1990
RECORDED : Document No. 90-164414
PARTIES : JOSEPH GIBSON BLACKBURN II, a married man,
MANUEL MONIZ, JR., a married man, and JEFFREY
PAUL ALEXANDER, a married man, and the
DEPARTMENT OF WATER SUPPLY of the County of
Maui

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING
DATED : December 3, 1993
RECORDED : Document No. 93-219684
PARTIES : MANUEL MONIZ JR., and the COUNTY OF MAUI

Exhibit "B"

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT (THREE LOTS OR LESS)
DATED : September 15, 1995
RECORDED : Document No. 95-127267
PARTIES : JEFFREY PAUL ALEXANDER, husband of Donna Alexander, and JOSEPH GIBSON BLACKBURN, husband of Shirley Blackburn, and EDGAR QUINN TESORO, husband of Annette Faye Tesoro

8. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

LOAN NO. : NR-22329
MORTGAGOR : JOSEPH GIBSON BLACKBURN and SHIRLEY LOKELANI BLACKBURN, husband and wife
MORTGAGEE : GE CAPITAL HAWAII, INC., a Hawaii corporation
DATED : September 9, 1997
RECORDED : Document No. 97-124299
AMOUNT : \$235,000.00

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "KULA ORCHARDS" CONDOMINIUM PROJECT
DATED : March 6, 1998
RECORDED : Document No. 98-046532
MAP : 2712 and any amendments thereto

Exhibit "B"

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS
DATED : March 6, 1998
RECORDED : Document No. 98-046533

11. GRANT

TO : PHILIP HELFRICH and MAYBELLE H. HELFRICH,
husband and wife
DATED : March 6, 1998
RECORDED : Document No. 98-046535
GRANTING : a non-exclusive perpetual right of entry and
easement for general purposes over, across,
through and under Easement "C", more
particularly described as follows:

EASEMENT "C"
(10 feet wide)

All of that certain parcel of land (being portion of the land(s) described in and covered by Land Commission Award Number 281-B to Ali) situate, lying and being at Omaopio, Kula, Makawao, Island of Maui, State of Hawaii, being Easement "C" (10 feet wide) for landscaping purposes under, over, and across Lot 52-A-1 of the "KULA ORCHARDS SUBDIVISION" (File Plan No. 679);

Beginning at a 1/2 inch pipe set at the most westerly corner of this easement and being also a point on the southerly boundary of and 81.09 feet from a southerly angle point of Lot 52-A-1 of the Kula Orchards Subdivision (File Plan No. 679), the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU PANE" being 10,388.24 feet south and 2,695.12 feet east and running by azimuths measured clockwise from true South; thence,

1. 211° 43' 20" 10.00 feet under, over, and
across Lot 52-A-1 of the

Exhibit "B"

					Kula Orchards Subdivision; thence,
2.	301°	43'	20"	70.00	feet under, over, and across the same; thence,
3.	31°	43'	20"	10.00	feet under, over, and across the same; thence,
4.	121°	43'	20"	70.00	feet along Lot 34 of the Kula Orchards Subdivision (File Plan No. 679) to the point of beginning and containing an area of 700 square feet, more or less.

12. Any unrecorded leases and matters arising from or affecting the same.

13. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Schedule C herein.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Apartment 1	\$40 monthly fee,	\$480 yearly total
2	\$40 monthly fee,	\$480 yearly total
3	\$40 monthly fee,	\$480 yearly total
	_____	_____
Total:	\$120	\$1,440

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

imate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

ities and Services

Air Conditioning

Electricity

common elements only

common elements and apartments

Elevator

Gas

common elements only

common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Water: \$100/month = \$1200.00/year

aintenance, Repairs and Supplies

Building

Grounds

inagement

Management Fee

Payroll and Payroll Taxes

Office Expenses

urance

\$ 70/month = \$ 840.00/year

ervices(*)

\$ 5/month = \$ 60.00/year

axes and Government Assessments

idit Fees

her

TOTAL \$175 = \$2100.00

JOSPH GIBSON BLACKBURN, as agent for/and/or employed by DEVELOPER, the
condominium managing agent/developer for the DEVELOPER condominium project, hereby
certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance
with generally accepted accounting principles.



Signature

September 2, 1998

Date

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

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves
until the fiscal year which begins after the association's first annual meeting.

Exhibit "D"

Summary of Sales Contract

A. Payment of Purchase Price

Purchaser shall pay into escrow a deposit of \$16,000 on execution of the sales contract. The balance of the purchase price shall be paid to the escrow prior to closing

B. Conveyance of Title

Seller shall convey the property to Purchaser at close of escrow by warranty deed conveying fee simple title to the apartment and its appurtenant common interest.

C. Expenses of Sale

Seller shall pay the following expenses: Preliminary Title Report, preparation of deed, Seller's notary fees, conveyance tax, survey and staking, if needed, and ½ of the escrow fee. Customary prorations shall be applied.

D. Risk of Loss

Risk of casualty losses to the property shall be borne by Seller until close of escrow, thereafter by Purchaser.

E. Enforcement

Time is of the essence. If Purchaser defaults in any payment when required or fails to perform any other obligation required of Purchaser, Seller may terminate the contract and retain deposits as liquidated damages, or may extend the time of performance. Seller may pursue any other remedy. All costs, including reasonable attorney's fees, incurred by reason of a default by Purchaser shall be paid by Purchaser. In the event of litigation, the prevailing party will be entitled to recover costs, including reasonable attorneys' fees.

F. Miscellaneous

All notices pursuant to the contract must be in writing and delivered by regular mail. All amendments to the contract must be in writing, signed by all parties.

Exhibit “E”

Summary of Escrow Agreement

A. Contracts and Payments

All sales contracts and payments pursuant to sales contracts shall be deposited in escrow. Interest earned, if any, on escrow deposits will accrue to the seller, unless otherwise agreed. No disbursements of funds will be made by escrow until the purchaser shall have been given a copy of the Final Public Report and acknowledged receipt of it.

B. Return of Funds and documents

A purchaser shall be entitled to a return of funds without interest if the seller and purchaser shall jointly request the return in writing, or if the seller shall have notified escrow of the sellers exercise of a right of cancellation provided for in the sales contract, or if the purchaser shall have notified the escrow of the purchaser's exercise of a right of cancellation pursuant to law. The escrow shall be entitled to a cancellation fee commensurate with work done by it prior to cancellation, but not less than \$25.

C. Purchaser's Obligations

Seller shall give notice to escrow of the occurrence of each event that initiates an obligation of a purchaser to make a payment to escrow pursuant to the sales contract. Escrow shall promptly give the purchaser notice of the amount and due date of such payment. If the purchaser fails to perform in any matter handled by escrow, escrow shall notify seller.

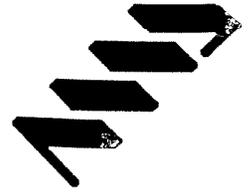
D. Protection of Escrow

Escrow is relieved from all liability for acting in accordance with the escrow agreement. If any conflicting demands are made on escrow, escrow may await settlement of the controversy or may file a suit in interpleader. Seller and purchaser shall hold escrow harmless from all costs reasonably suffered in connection with the escrow agreement.

E. Statutory Provisions Control

The provisions of Chapter 514A of Hawaii Revised Statutes control in the event of any conflict arises between the provisions of the escrow agreement and the statute.

Exhibit "F"
ARCHITECT'S REPORT



NICK WAGNER ARCHITECT INC. 226 SOUTH CHURCH STREET, WAILUKU, HAWAII 96793 (808) 242-5720 FAX 243-9412

November 10, 1998

Real Estate Commission
Department of Commerce and Consume Affairs
State of Hawaii
250 South King Street Room 702
Honolulu, HI 96813

Subject: CONDOMINIUM PUBLIC REPORT
KULA ORCHARDS
TMK: 2 · 3 · 22: 66

To Whom It May Concern:

This report is being submitted pursuant to Hawaii Revised Statutes Section 514-A40(b) (2). The undersigned has inspected the improvements located at 152a, 152a1, & 152a2 Kualani Circle, Kula, Hawaii which are part of the Condominium Project known as Kula Orchards, as shown on recorded Condominium Map No. 2712 (Bureau of Conveyances) of the State of Hawaii.

Based upon my physical inspection of the premises, the present condition of all structural components and mechanical and electrical installations including plumbing and electrical installations and components, material to the use and enjoyment of the project appear to be in normal working order save for normal and reasonable wear and tear. There are no apparent defects and no major repair work appears to have been made or become necessary based on an external inspection of the improvements and said structural components and mechanical and electrical installations material to the use and enjoyment of the project.

However, no representation is made and no warranties, express or implied, are given as to the expected useful life of the existing structural components and mechanical and electrical installations and property improvements related thereto.

Sincerely,
NICK WAGNER · ARCHITECT, INC.



Nick Wagner
Principal