

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer: Ronald F. Serle and Sherry Serle
Address: 1879 Olinda Road, Makawao, Hawaii 96768

Project Name(*): Aloha Place Condominium
Address: 2645 Aloha Place, Haiku, Hawaii 96708

Registration No. 4473

Effective date: August 21, 2000

Expiration date: September 21, 2001

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] 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

FORM: RECO-30 286/986/189/1190/892/0197/1098

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

This Public Report does not constitute an approval of the Project by the Real Estate Commission or any other government agency, nor does it ensure that all County codes, ordinances and subdivision have necessarily been complied with.

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.
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 owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
3. The land may be subject to rollback real property taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property tax assessment. Please refer to the Director of Finance, County of Maui, for further information.
4. Hawaii has enacted a law requiring sex offenders to register with the Attorney General's office and allowing public access to relevant information regarding sex offenders. A sex offender must provide certain relevant information including the street name and zip code of the sex offender's current and future residence and place of employment. This information is available at the Hawaii Criminal Justice Data Center and at one or more designated police stations in each county. Neither developer, nor any real estate agent is required to obtain information regarding sex offenders.
5. The County of Maui Department of Water Supply have adopted a policy to require that each apartment in a condominium have its separate water meter. This condominium has only one shared meter which may be in violation of these rules. Due to the current shortage of water in the Department's upcountry water system, it may not be possible to obtain a second meter for this property. BUYER IS CAUTIONED THAT BUYER MAY BE FORCED TO OBTAIN A METER AS A CONDITION TO THE BUYER'S USE, EXPANSION OR CONSTRUCTION OF BUYER'S APARTMENT. BUYER IS REFERRED TO THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

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: Ronald F. Serle and Sherry Serle Phone: (808) 573-8500
1879 Olinda Road (Business)
Haiku, Hawaii 96708
Name*

Same as above
Business Address

Name of officers or general partners of developers who are corporations or partnerships:
N/A

Real Estate Broker*: David Barratt Realty, Inc. Phone: (808) 572-8525
Name (Business)
111 Hoopalua Drive
Business Address
Makawao, Hawaii 96768

Escrow: Title Guaranty Escrow Services Inc. Phone: (808) 871-2200
Name (Business)
80 Puunene Avenue
Business Address
Kahului, Hawaii 96732

General Contractor*: Richard Jahner Phone: (808) 572-4697
Name (Business)
600 Kaupakalua Road
Business Address
Haiku, Hawaii 96708

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

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

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2000-102530
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. 3131
 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. 2000-102531
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>75%</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.

Developer has reserved, and has delegated to each apartment owner, the right to amend the Declaration and Condominium Map to alter, expand and relocate the boundaries of each apartment.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other: Note: The County has not approved the subdivision of the units and their limited common elements into individual subdivided lots. They are being sold as condominiums only.

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 2645 Aloha Place Tax Map Key (TMK): (2) 2-7-16:2
Haiku, Hawaii 96708

Address TMK is expected to change because N/A

Land Area: 2.72 square feet acre(s) Zoning: Rural (1/2 acre)*

*Under the current zoning rural ordinance, single family residential dwellings are permitted.

Fee Owner: Ronald F. Serle and Sherry Serle
 Name
1879 Olinda Road
 Address
Makawao, Hawaii 96768

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: 2 Floors Per Building Apt. A: 1 floor
 Apt. B: 1 floor

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other Stucco, glass and tile

4. Uses Permitted by Zoning:

	No. of Use Permitted			No. of Use Permitted	
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u> 2 </u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Industrial	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Recreational	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> 0 </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Other: _____	<u> </u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

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: No commercial uses are permitted in any apartment except those permitted under the agricultural zoning ordinance; 10 foot setbacks from boundaries between Limited Common Elements A and B.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Apt. A-0; Apt. B-0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Apartment A</u>	<u>1</u>	<u>3/2</u>	<u>1,588</u>	<u>966</u>	<u>Garage/Patio/Porch</u>
<u>Apartment B</u>	<u>1</u>	<u>3/2</u>	<u>1,588</u>	<u>966</u>	<u>Garage/Patio/Porch</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment: Exterior surfaces of walls and roof.

Permitted Alterations to Apartments:

Each apartment may be expanded, relocated and altered in owner's discretion. The owner may unilaterally amend the Declaration to redefine the apartment to conform the apartment boundaries as altered, expanded or relocated.

7. Parking Stalls:

Total Parking Stalls: 4*

	<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>2</u>						<u>4</u>
Guest Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	<u>4*</u>		<u>0</u>		<u>0</u>		<u>4*</u>

Each apartment will have the exclusive use of at least 2* parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

* Apartments A and B will have the right to park two vehicles in the enclosed garage which is included within said apartment.

- 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: Common element driveway and shared water meter.

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):

N/A

11. Conformance to Present Zoning Code.

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

described in Exhibit A.

as follows:

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:

Each apartment will have a ½ common interest.
Each apartment will pay ½ share of all common expenses.

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

July 26, 2000 and issued by Title Guaranty of Hawaii, Incorporated

Blanket Liens:

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

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

[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 dated December 20, 1999, and recorded in State of Hawaii Bureau of Conveyances as Document No. 99-201038, from Ronald F. Serle and Sherry Serle to GE Capital Hawaii, Inc.	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fees. All mortgage liens will be paid in full out of the proceeds of the sale of the first apartment and the apartments will be released from the liens at that time.

F. Construction Warranties:

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

1. Building and Other Improvements:

There are no warranties.

2. Appliances:

There are no warranties.

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

Completion of Apartments A and B is expected to be August 1, 2000.

H. Project Phases:

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

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

(But see item C.6 above concerning each apartment owner's right to alter, expand or relocate each apartment.)

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).

C. Utility Charges for Apartments:

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

None Electricity (___ Common Elements only _____ Common Elements and Apartments)
 Gas (____ Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other The apartments share a common water meter. Water is sub-metered to each apartment and water bills will be divided and paid proportionately according to proportionate usage.

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 17, 2000

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 there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Declaration of Restrictive Covenants dated November 14, 1975 recorded at Liber 12780, page 610, and dated June 30, 1993, recorded as Document No. 94-005260.

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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 4473 filed with the Real Estate Commission on August 8, 2000.

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

1. Water. The condominium is served by a single water meter and water use for both apartments will be billed to the Association of Apartment Owners by the County of Maui Department of Water Supply in a single bill. The Association is responsible for paying said charges and will allocate them among the apartment owners as common expense assessments. The method of allocation shall be by individual use meters ("submeters") apportioning the County's billings between both apartments by proportionate metered water usage.

The County of Maui Department of Water Supply have adopted a policy to require that each apartment in a condominium have its separate water meter. This condominium has only one shared meter which may be in violation of these rules. Due to the current shortage of water in the Department's upcountry water system, it may not be possible to obtain a second meter for this property. BUYER IS CAUTIONED THAT BUYER MAY BE FORCED TO OBTAIN A METER AS A CONDITION TO THE BUYER'S USE, EXPANSION OR CONSTRUCTION OF BUYER'S APARTMENT. BUYER IS REFERRED TO THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

Note that the estimated budget attached as Exhibit C assumes, for disclosure purposes only, that each apartment will pay an equal share, estimated at \$37.50 per month per apartment, for these services

2. Setbacks. Under the Declaration of Condominium Property Regime, no new structure may be built or old structure expanded within 10 feet of the boundary line separating the Apartment's limited common element from that of the adjacent Apartment.
3. Licensed Real Estate Salesman. Pursuant to Sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer, Ronald F. Serle, RA-56197, is a current and active Hawaii-licensed realtor associate. Further, that Ronald F. Serle is licensed with David Barratt Realty, Inc., 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'."
4. Mailboxes. Each apartment shall have its own separate mailbox, to be located in the Common Element Driveway.
5. Alohia Place. The Condominium includes an undivided 14.064% interest in Alohia Place, which is included in the common elements. Costs of maintaining said road shall be a common expense of the condominium.

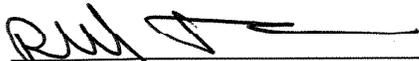
D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information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

Ronald F. Serle and Sherry Serle
Printed Name of Developers



Ronald F. Serle

Date: July 28, 2000



Ronald F. Serle as Attorney-in-Fact for
Sherry Serle by Special Power of Attorney

Date: July 28, 2000

Distribution:

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

*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

EXHIBIT A
ALOHIA PLACE CONDOMINIUM

DESCRIPTION OF BUILDINGS:

The condominium consists of two separate apartments. Apartments A and B are residential dwellings. Each is located on that portion of the land defined on the Condominium File Plan as a limited common element appurtenant to and for the exclusive use of said apartment. Each building is constructed primarily of wood, concrete, stucco, glass and tile. Upon expansion, relocation, construction or reconstruction of any apartment by any owner(s) thereof as provided in the declaration, the building containing any apartment may be constructed primarily of any other building material meeting applicable building codes, including but not limited to concrete, masonry, plaster, wood, metal, glass or related materials.

DESCRIPTION OF APARTMENTS:

The condominium shall consist of two (2) apartments designated Apartment "A" and Apartment "B", with Apartment "B" the easternmost and Apartment "A" the westernmost. Each apartment is shown on the Condominium File Plan.

Apartment A and Apartment B are substantially the same in layout, design and construction. Each is a one-story residence, containing 1,588 square feet of net living area, and includes 3 bedrooms, 2 bathrooms, a living/dining room, kitchen area, porch, deck, covered patio, washer/dryer room and enclosed garage.

Each apartment has direct access to the limited common element on which the apartment is located, which in turn provides access to a common driveway which in turn provides access to a public highway (Alohia Place).

The boundaries of each apartment shall consist of the exterior finished surface of all exterior walls, roofs, doors, windows and also include all foundations and underpinnings, and other appurtenant structures and facilities within said boundaries. The responsibility for maintenance, repair, replacement and reconstruction and insurance of each apartment is delegated to the owner(s) of said apartment, and all of the cost thereof shall be borne by the owner(s) of said apartment, at no cost to the owner(s) of any other apartment or the association.

LOCATION, RELOCATION, AND NUMBERING OF APARTMENTS:

Each apartment is located as shown on the Condominium File Plan. The apartments are lettered "B" and "A" consecutively from west to east. As provided in Section K.2. of the Declaration, at the option of the owner(s) of each apartment, said apartment may be relocated to any other location within the limited common element appurtenant to said apartment, and the boundaries

EXHIBIT "A"
(Page 1 of 2)

of said apartment may be changed, by amendment to the Declaration as provided in Section K.2. of the Declaration; provided however, that (a) all construction in connection therewith shall comply with all applicable zoning and building codes; and (b) no portion of the structure comprising an apartment or other structure shall be constructed outside of the boundaries of the area designated for said unit as its limited common element as shown on the Condominium File Plan.

APPROXIMATE FLOOR AREA OF APARTMENTS:

<u>Apartment</u>	<u>Floor Area</u>
A	1,588 square feet of living area 966 square feet of other area
B	1,588 square feet of living area 966 square feet of other area

NOTE: THE FLOOR AREAS ARE APPROXIMATE ONLY. THE DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.

COMMON ELEMENTS:

The common elements of the condominium consists of the land described in Exhibit "A", a common element driveway, a common water meter and any common water and sewer pipes and other utilities serving more than one apartment in the condominium.

LIMITED COMMON ELEMENTS:

Each apartment has appurtenant to it and for its exclusive use the land described in the Condominium Map as appurtenant thereto. The Condominium Map describes these areas as "Limited Common Element A" appurtenant to Apartment A and "Limited Common Element B" appurtenant to Apartment B. Each common element is appurtenant to and for the exclusive use of its apartment and which is physically located on said limited common element as shown on the Condominium Map. The boundaries of each limited common element are specifically shown on the Condominium Map and also include the land located underneath the apartment located thereon.

EXHIBIT "A"
(Page 2 of 2)

EXHIBIT B

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Restrictive covenants and conditions contained in Declaration dated November 14, 1975, recorded in Liber 11052 at Page 185, as amended by instruments dated March 7, 1979, recorded in Liber 12780 at Page 610, and dated June 30, 1993, recorded as Document No. 94-005260.
4. -AS TO THE UNDIVIDED INTEREST IN AND TO ROADWAY LOT 11:-
 - (A) Grant in favor of the Board of Water Supply of the County of Maui, dated November 11, 1975, recorded in Liber 11032 at Page 191; granting a perpetual nonexclusive easement to install, reinstall, maintain, operate, repair and remove a pipeline or pipelines over, under, through and across said Lot, more particularly described in Schedule C.
 - (B) Grant in favor of Maui Electric Company, Limited and Hawaiian Telephone Company, dated December 2, 1975, recorded in Liber 11196 at Page 349; granting an easement for electrical purposes over, under, upon, across and through said Lot 11.
 - (C) Rights of others who may own undivided interest(s), or have easement or access rights, in said parcel.
5. -AS TO THE UNDIVIDED INTEREST IN AND TO 20-FOOT ROADWAY KNOWN AS ALOHIA PLACE:-
 - (A) Grant in favor of the Board of Water Supply of the County of Maui, dated November 11, 1975, recorded in Liber 11032 at Page 187; granting a perpetual nonexclusive easement to install, reinstall, maintain, operate, repair and remove a pipeline or pipelines over, under, through and across said Alohia Place, bearing Tax Key Designation 2-7-16-24 (2).
 - (B) Grant in favor of Maui Electric Company, Limited and Hawaiian Telephone Company, dated December 2, 1975, recorded in Liber 11196 at Page 362; granting an easement for electrical purposes over, under, upon, across and through said Alohia Place.
 - (C) Rights of others who may own undivided interest(s), or have easement or access rights, in said parcel.
 - (D) Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey or archaeological study would disclose.

6. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR: RONALD F. SERLE and SHERRY SERLE, husband and wife

MORTGAGEE: GE CAPITAL HAWAII, INC., a Hawaii corporation

DATED: December 20, 1999

RECORDED: Document No. 99-201038

AMOUNT: \$370,000.00

7. 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 "ALOHIA PLACE CONDOMINIUM" CONDOMINIUM PROJECT

DATED: July 3, 2000

RECORDED: Document No. 2000-102530

MAP: 3131 and any amendments thereto

8. 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: May 29, 2000

RECORDED: Document No. 2000-102531

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 = Yearly Total</u>
Apartment A	\$67.50 per month x 12 = \$810 per year
Apartment B	\$67.50 per month x 12 = <u>\$810</u> per year
	\$1620 per year

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities 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

for water service

\$75 per month x 12 = \$900 per year

Maintenance, Repairs and Supplies

Building

Grounds

Water lines

Common Elements

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance (liability for common elements)

Reserves(*) for replacement of common
water lines, common driveway

\$30 per month x 12 = \$360 per year (**)

Taxes and Government Assessments

N/A

Audit Fees

\$ 30 per month x 12 = \$ 360 per year

Other

TOTAL

\$1,620.00

We, the undersigned condominium developers for the Aloha Place 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.



Ronald F. Serle

(Signature)

May 29, 2000

Date



Ronald F. Serle as Attorney-in-Fact for Sherry Serle
by Special Power of Attorney

(Signature)

May 29, 2000

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-83.6, 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.

(**) This reserve amount is not based on a reserve study required by Hawaii law. The reserve study will be performed by the Association of Apartment Owners.

EXHIBIT D

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

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

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

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Deposit Receipt and Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

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

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

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

(g) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(h) That the Project may be subject to ongoing sales activities which may result in certain annoyances to the purchaser.

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

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

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

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

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

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

RECEIPT FOR PUBLIC REPORT(S) AND NOTICE OF RIGHT TO CANCEL

I acknowledge receipt of the Developer's _____ Final _____ Public Report(s) and Disclosure
(Preliminary, Final &/or Supplementary)
Abstract, contained in the public report, in connection with my purchase of apartment(s) _____
(Apt. No.)
in the Aloha Place Condominium _____
(Name of Condominium Project)

I understand that I have a legal right under Hawaii law to cancel my purchase, if I desire to do so, without any penalty or obligation within thirty (30) days from the date the above Public Report(s) was delivered to me. If I cancel, I understand that I will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs, up to \$250.

If I decide to cancel, I understand that I can do so by notifying Ronald F. Serle and Sherry Serle, 1879 Olinda Road, Makawao, Hawaii 96768 by mail or telegram sent before: (1) the conveyance of my apartment(s) to me; or (2) midnight of the thirtieth day after delivery of the Public Report(s) to me, whichever is earlier. If I send or deliver my written notice some other way, it must be delivered to the above address no later than that time. I understand that I can use any written statement that is signed and dated by me and states my intention to cancel, or I may use this notice by checking the appropriate box and by signing and dating below.

I understand that if I do not act within the above thirty-day period or if the apartment is conveyed to me within the above thirty-day period, I will be considered to have executed this receipt and to have waived my right to cancel my purchase. I also understand that I can waive my right to cancel by checking the appropriate box, by signing and dating below, and by returning this notice to Ronald F. Serle.

I HAVE RECEIVED A COPY OF:

- (1) THE DEVELOPER'S _____ PUBLIC REPORT(S) ON _____; AND
- (2) THE DISCLOSURE ABSTRACT CONTAINED IN THE PUBLIC REPORT.

Purchaser's Signature

Date

Purchaser's Signature

Date

I HAVE HAD AN OPPORTUNITY TO READ THE PUBLIC REPORT(S) AND

I WAIVE MY RIGHT TO CANCEL. I HEREBY EXERCISE MY RIGHT TO CANCEL.

Purchaser's Signature

Date

Purchaser's Signature

Date