

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer David A. Hoekstra and Ursula C. Hoekstra
Address 323 B Alae Road, Kula, Hawaii 96790
Project Name(*) HOEKSTRA OHANA
Address 323 Alae Road, Kula, Hawaii 96790

Registration No. 4607 (partial conversion) Effective date: May 8, 2001
Expiration date: June 8, 2002

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: (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

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 SHOULD BE GIVEN TO THE ADDITIONAL INFORMATION (PAGES 20 and 20a) AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "J")

SPECIAL ATTENTION

.....

Hoekstra Ohana is a CONDOMINIUM PROJECT, **not** a subdivision. The Private Yard Area immediately appurtenant to each unit is a LIMITED COMMON ELEMENT appurtenant to the unit and is **not** a legally subdivided lot. The dashed lines on the Condominium Map showing the boundaries between the limited common element Private Yard Areas of the units are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

The land upon which the Project is located is zoned Agricultural (Agr) by the County of Maui and is classified Agricultural by the State Land Use Commission. As such, the units are subject to certain use restrictions. (See page 20 of this public report for further explanation.)

No warranties are given to the purchaser as to the construction, materials or workmanship of the improvements. The improvements are being sold in "as is" condition.

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

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

.....

TABLE OF CONTENTS

page

Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer Attorney for Developer General Contractor	
Real Estate Broker Escrow Company Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	6
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	8
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	17
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	18
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Description of Buildings	
EXHIBIT B: Description of Units	
EXHIBIT C: Permitted Alterations	
EXHIBIT D: Common Elements	
EXHIBIT E: Limited Common Elements	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Estimated Initial Maintenance Fees	
EXHIBIT H: Summary of Sales Contract	
EXHIBIT I: Summary of Escrow Agreement	
EXHIBIT J: Reserved Rights	

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 owner/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 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: David A. Hoekstra and Ursula C. Hoekstra Phone: (808) 876-1138
Name* (Business)
323 B Alac Road
Business Address
Kula, Hawaii 96790

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate
Broker*: Peggy-An Hoekstra Realtor Phone: (808) 242-8048
Name (Business)
P.O. Box 517
Business Address
Puunene, Hawaii 96784

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

General N/A Phone: _____
Contractor*: Name (Business)
Business Address

Condominium
Managing
Agent*: Self-managed by Unit Owners Phone: _____
Name (Business)
Business Address

Attorney for
Developer: Case Bigelow & Lombardi Phone: (808) 547-5400
(David F. Andrew) (Business)
Name
Grosvenor Center, Mauka Tower
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813

* 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 interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
- Recorded - Bureau of Conveyances Document No. 2001-047518
Book _____ Page _____
- Filed - Land Court Document Number _____

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 Condominium Map No. 3238
- Filed - Land Court Condominium 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. 2001-047519
Book _____ Page _____
- Filed - Land Court Document Number _____

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>100%</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:

[See Exhibit J to this public report]

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: 323 Alae Road
Kula, Hawaii 96790

Tax Map Key: (2) 2-2-9:2
(TMK)

Address TMK is expected to change because _____

Land Area: 6.502 square feet acre(s) Zoning: Agricultural

Fee Owner: David A. Hoekstra and Ursula C. Hoekstra
Name

323 B Alae Road
Address

Kula, Hawaii 96790

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: three Floors Per Building two

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input type="checkbox"/> Residential	_____	<input 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 checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" 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/Arc 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 Paragraph 7 of the Declaration of Protective Covenants of Eucalyptus Hill Subdivision, referenced in Exhibit F, which the Units are subject to, contains specific restrictions with respect to what animals are allowed.

Number of Occupants: _____

Other: There are special use restrictions contained in the project documents referenced on pages 20 and 20a of this public report..

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit A - 2
Unit B - 1 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>A</u>	<u>1</u>	<u>4/2.5</u>	<u>1,349</u>	<u>614,67, 418</u>	<u>lanai, storage, garage</u>
<u>B</u>	<u>1</u>	<u>3/3</u>	<u>3,956</u>	<u>1,551</u>	<u>lanai</u>
Total Number of Apartments			<u>2</u>		

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

The floor areas shown are approximate only.

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. The Developer makes no representations or warranties as to the floor area of any particular apartment.

Boundaries of Each Apartment:

SEE EXHIBIT "B"

Permitted Alterations to Apartments:

SEE EXHIBIT "C"

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 D .

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 E.

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: Unit A - one-third (1/3); Unit B - two-thirds (2/3)*

*Note: The common interest for Unit B will change if, pursuant to rights reserved in the Declaration, a third unit is added to the Project.

- 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 F describes the encumbrances against the title contained in the title report dated February 22, 2001 and issued by Title Guaranty of Hawaii.

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>
Mortgages	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

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:

None

2. Appliances:

None

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

Construction of Unit A was completed in 1992.
Construction of Unit B was completed in May of 2000.

H. Project Phases:

The developer [X] 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):

Additional Unit. The Developer has reserved the right (but is not obligated) to develop and add to the Project one additional unit in the area designated Limited Common Element B on the Condominium Map. If an additional apartment is added to the Project, the common interest for Unit B would be adjusted downward. See Exhibit J of this public report for further information concerning the addition of a unit.

Redesign Water System. The Developer has reserved the right (but is not obligated) to redesign the Private Water System and the Private Fire Protection System serving the Project in connection with development of the Eucalyptus Subdivision, of which the Project is a part. See Exhibit J of this public report and Section P of the Declaration for further information concerning the Developer's right to redesign the Private Water System and the Private Fire Protection System.

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 G* contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

*Note: The Developer has not conducted a reserve study in accordance with Hawaii Revised Statutes § 514A-83.6, and the replacement reserve rules, Hawaii Administrative Rules Subchapter 6, Title 16, Chapter 107, 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 _____

@Maui Electric Company will bill the Owner of Unit B for electricity used to operate the water pump for the Private Water System. The owner of Unit A will pay to the owner of Unit B the amount of each such bill allocated to Unit A. See Page 20 of this Public Report and Section 6.12(b) of the Bylaws for additional details regarding payment for electricity associated with the pump for the Private Water System.

***Both Units in the Project are connected to a Private Water System, which draws water from the County of Maui water line and delivers water to the Units. The County of Maui Department of Water Supply will bill the Owner of Unit B for water used by the entire Project. The owner of Unit A will pay to the owner of Unit B the amount of each bill allocated to Unit A. See Page 20 of this Public Report and Section 6.12(a) of the Bylaws for additional details regarding water use and payment for water use.**

****Each Unit in the Project is serviced by an individual septic system, located within the Private Yard Area appurtenant to the Unit. Neither unit is connected to or served by a public sewer system.**

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 H contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated October 27, 2000

Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

Other: Specimen Deed

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 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.
 - 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) Other all the documents listed in Exhibit F, other than the mortgages

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 (DCCA). 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. 4607 filed with the Real Estate Commission on April 6, 2001.

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. Hoekstra Ohana is a condominium project, not a subdivision. Unit A and Unit B of the Project are not located on separate subdivided lots, and prospective purchasers should be aware that by purchasing a unit in the Project, they are not purchasing a subdivided lot.
2. The land underlying the Project is identified as Lot 1-A. Along with adjoining Lots 1-B and 1-C, the Project is part of the larger Eucalyptus Hill Subdivision (the "Eucalyptus Subdivision"). The lots within the Eucalyptus Subdivision are subject to the Declaration of Protective Covenants of Eucalyptus Hill Subdivision (the "Protective Covenants"), which is listed in Exhibit F of this public report. As such, the Project (including Units A and B) is subject to the Protective Covenants, which contain significant and specific restrictions on use and development. Buyers of Units A and B are advised to review the Protective Covenants, as it will impact their ability to use and develop the units and appurtenant limited common elements.
3. The Project is on land classified within the agricultural district by the State Land Use Commission and zoned agricultural by the County of Maui. The Project (including Units A and B) is subject to the restriction on uses prescribed in Hawaii Revised Statutes Section 205-4.5, and to the condition that the uses be primarily in pursuit of an agricultural activity. The issuance by the Real Estate Commission of an effective date for this Public Report covering Hoekstra Ohana should not be construed to mean that all State laws and County ordinances for land use and development have been satisfied. Use of Unit B and its appurtenant limited common elements is further restricted by the terms of the Agreement - Additional Structure in Agricultural District, which is listed in Exhibit F of this public report.
4. Access to the Project is via Mauka Alae Road, a County-owned road fronting the Project. Pursuant to that certain Road Maintenance Agreement of Eucalyptus Hill Subdivision (the "Road Maintenance Agreement"), which is listed in Exhibit F of this public report, the owners of Lot 1-A (i.e., the owners of Units A and B) are required to pay a portion of any cost to maintain that portion of Mauka Alae Road constructed by the "Developers" referenced in the Road Maintenance Agreement. The portion of any such maintenance cost allocable to Lot 1-A would be a common expense of the Project, which would be paid by the unit owners according to their respective common interests in the Project; provided, however, that if damage to Mauka Alae Road is caused by the negligence of any unit owner or such owner's invitees or guests, then all costs for the repair of such damage shall be charged to and the liability of such unit. While there are currently no fees assessed for maintenance of the relevant portion of Mauka Alae Road, such fees may be assessed in the future. Each unit owner will be required to pay its portion of any roadway maintenance assessments.
5. Due to the very high elevation of the Project, the County of Maui is not able to assure dependable water service to the Project. As a result, and as a condition to approving the subdivision that resulted in the parcel of land underlying the Project (i.e., Lot 1-A), the County required the owners of lots within the Eucalyptus Subdivision to construct and maintain a Private Water System. The Private Water System, which is comprised of tanks, pumps, water lines, meters and other equipment, draws water from the County of Maui water system and delivers that water to the Project. As the owners of Lot 1-A, the owners of Units A and B will be required to pay a portion of any cost to maintain the Private Water System. The portion of any such maintenance cost allocable to Lot 1-A would be a common expense of the Project, which would be paid by the unit owners according to their respective common interests in the Project; provided, however, that if damage to the Private Water System is caused by the negligence of any unit owner or such owner's invitees or guests, then all costs for the repair of such damage shall be charged to and the liability of such unit. While there are currently no fees assessed for maintenance of the Private Water System, such fees may be assessed in the future. The Developer has reserved the right to redesign the Private Water System in connection with development of Lot 1-C of the Eucalyptus Subdivision. Such a redesign will not materially and adversely affect water service to the Project.
6. The amount of water use by the Project as a whole is measured by one 5/8" water meter, which provides the basis for the water bill prepared by the County of Maui Department of Water Supply. A private submeter measures the amount of water used by Unit A and by Unit B, respectively. The County Water Department will send bills to the Owner of Unit B for water used by the entire Project. Based on the reading of the private submeter, the owner of Unit A will then pay to the owner of Unit B the amount of each bill allocated to Unit A. Maui Electric Company will send bills to the owner of Unit A for the electricity used to run the pump that pumps the water to the Project. Those electric bills be allocated among the units based on their respective water usage. The owner of Unit B will then pay to the owner of Unit A the amount of each bill allocated to Unit B. See Section 6.12 of the Bylaws for additional details regarding water use and payment for water use.

7. As a result of the very high elevation of the Project, the County of Maui is not able to provide an adequate fire protection system for the Eucalyptus Subdivision. Therefore, the developers of the Eucalyptus Subdivision built a private fire protection system to serve the Eucalyptus Subdivision. Pursuant to the Private Fire Protection System and Designation of Easements Agreement of Eucalyptus Hill Subdivision (the "Fire Protection System Agreement"), which is listed in Exhibit F of this public report, the owners of Lot 1-A (i.e., the owners of Units A and B) are required to pay a portion of any cost to repair and maintain the private fire protection system constructed by the "Subdividers" referenced in the Fire Protection System Agreement. The portion of any such repair and maintenance cost allocable to Lot 1-A would be a common expense of the Project, which would be paid by the unit owners according to their respective common interests in the Project; provided, however, that if damage to the private fire protection system is caused by the negligence of any unit owner or such owner's invitees or guests, then all costs for the repair of such damage shall be charged to and the liability of such unit. While there are currently no fees assessed for repair and maintenance of the private fire protection system, such fees may be assessed in the future. Each unit owner will be required to pay its portion of any private fire protection system maintenance. The Developer has reserved the right to redesign the private fire protection system in connection with development of Lot 1-C of the Eucalyptus Subdivision. Such a redesign will not materially and adversely affect fire protection service for the Project.
8. Prospective purchasers are hereby advised that Peggy-An Hoekstra, who is the real estate broker for the Project, is the daughter of the Developers, David and Ursula Hoekstra.
9. 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.

- D. The developer declares subject penalties set forth in section 514A-49(b) that the project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Section 514A-1.6.
- E. 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.

David A. Hoekstra and Ursula C. Hoekstra
Printed Name of Developer

By: David A Hoekstra
Duly Authorized Signatory*

3/19/01
Date

David A. Hoekstra
Print Name and Title of Person Signing Above

Distribution:

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

*Must be signed for a: corporation by an officer; 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

DESCRIPTION OF BUILDINGS

The Project consists of two residential buildings. Each residential building contains one apartment ("Unit"), consisting of two stories or levels. The Project also contains one storage shed building. Unit A and Unit B are constructed principally of wood, masonry, plaster, glass and related building materials. The storage shed is constructed principally of wood, steel and related building materials. None of the buildings has a basement.

EXHIBIT B

DESCRIPTION OF UNITS

Unit A. Unit A contains four bedrooms, two and one-half bathrooms, two living rooms, a kitchen, a laundry room, two storage rooms, closets, two open lanai, two covered lanai, a garage and other improvements. Unit A has a net living floor area of approximately 1,349 square feet, lanai floor areas of approximately 614 square feet, storage floor areas of 67 square feet and a garage floor area of approximately 418 square feet.

Unit B. Unit B contains three bedrooms, three bathrooms, a living room, a family room, a dining room, an office, a kitchen, a recreation/hobby area, closets, two covered lanai and other improvements as shown. Unit B has a net living floor area of approximately 3,956 square feet and lanai floor areas of approximately 1,551 square feet.

NOTE: The approximate net floor area of each Unit as set forth above is measured from the interior surface of the Unit perimeter walls and includes all of the walls and partitions within its perimeter walls, whether load-bearing or non-load-bearing. THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY. DECLARANTS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR UNIT.

EXHIBIT C

PERMITTED ALTERATIONS

Section M of the Declaration provides, in part, as follows:

M. ALTERATION OF PROJECT.

1. **By Association.** Repair, reconstruction, restoration, replacement of the Project or any building or other structure or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the Association or any Unit Owner only pursuant to an amendment of this Declaration. Except as expressly provided in Section M.2(a) or (b) below or otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of one hundred percent (100%) of the Unit Owners, and in accordance with complete plans and specifications therefor first approved in writing by the Board. If required by the Act, promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the Association shall duly record and file of Record such amendment together with a complete set of floor plans of the Project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. **By Unit Owner.**

(a) Each Unit Owner shall have the right at such Owner's sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the Owners of the other Units or any other persons or entity (except the holders of first mortgage liens affecting the Unit to be altered, if the lienholders so require), to construct, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the Unit or the improvements to or in such Owner's Unit or portions thereof or upon and within the Private Yard Area appurtenant to such Owner's Unit (collectively, the foregoing are referred to in this subsection M.2 as "alterations"). Each Unit Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map and to do such other things as may be reasonably necessary or convenient to accomplish any such alterations, including, without limitation, applying for, processing and receiving all necessary governmental and quasi-governmental permits and approvals for such alterations. If required by the Act, promptly upon completion of such alterations the Owner of the altered Unit shall duly Record an amendment to this Declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such Unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as approved by the County officer having jurisdiction over the issuance of permits for the construction of buildings and as built. If required by the Act, the Board shall be deemed to approve of all such alterations. All existing Unit Owners and all future Unit Owners and their mortgagees, by accepting an interest in a Unit, consent to all such alterations and agree to give and shall be deemed to have given the Owner of the altered Unit a power of attorney to execute an amendment to the Declaration for the purpose of describing the alterations to such Unit in the Declaration, and for the purpose of applying for, processing and receiving necessary governmental and quasi-governmental permits and approvals for such alterations, so that the Owner of the altered Unit shall hereafter have a power of attorney from all the other Unit Owners to execute such amendment to the Declaration, and to apply, process and receive such permits and approvals. This power of attorney shall be deemed coupled with each Owner's interest in the Unit (including the common interest) and shall be irrevocable.

(b) Any alterations to a Unit pursuant to this Section M.2 shall be subject to the following conditions:

(i) All building plans for any such alterations and subsequent use of the Unit shall conform with State of Hawaii and County of Maui land use, building and/or zoning laws and other applicable State of Hawaii and County of Maui statutes, ordinances and regulations;

(ii) Such alterations may decrease or increase the size of the affected Unit, provided that no alteration shall extend or place the Unit closer than five feet from any boundary limits of the Private Yard Area appurtenant to such Unit;

(iii) All such alterations shall be at the sole expense of the Unit Owner making the alterations and shall be completed within one year of the commencement thereof and in a manner that will not unreasonably interfere with use and enjoyment of the other Units or the Private Yard Area appurtenant to the other Units;

(iv) The Owner of the altered Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such alteration for electricity, water, sewer and other utilities and services and, when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause an interruption, other than a temporary interruption, in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with use and enjoyment of the other Units or the Private Yard Area appurtenant to the other Units; and

(v) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of Section M.2 and any lease of a Unit shall reserve to all Unit Owners the rights set forth herein.

EXHIBIT D

COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the Condominium Declaration, in fee simple.
2. All sewer lines, water lines, drainage facilities, electrical equipment, wiring, pipes and other central and appurtenant facilities and installations over, under, across or in the vicinity of the Project which serve more than one Unit for services such as power, light, water, gas, telephone, sewer and radio and television signal distribution, if any.
3. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
4. Those portions of the Private Water System appurtenant to and serving the Project, including, without limitation, meters, lines, pumps and water tanks.
5. Those portions of the Private Fire Protection System appurtenant to and serving the Project, including, without limitation, meters, lines, pumps and water tanks.
6. The water tank located within the Private Yard Area appurtenant to Unit B, as shown on the Condominium Map.

EXHIBIT E

LIMITED COMMON ELEMENTS

1. **PRIVATE YARD AREA.** Certain land area ("Private Yard Area") of the Project, designated as "Limited Common Element" on the Condominium Map and located as shown on the Condominium Map, is appurtenant to and for the exclusive use of each Unit as designated on the Condominium Map.

<u>Unit No.</u>	<u>Private Yard Area (approx. land area)</u>
A	2.000 acres
B	4.502 acres

NOTE: The boundaries of the Private Yard Area appurtenant to each Unit, as shown on the Condominium Map, do not represent County-approved subdivided lots. Such boundaries serve only to delineate the limited common element Private Yard Area appurtenant to each Unit.

2. **PORTIONS OF PRIVATE WATER SYSTEM.** With respect to the Private Water System serving the Project, any portion of the Private Water System that serves just one Unit is limited common element appurtenant to the Unit so served.
3. **SEPTIC SYSTEM, RELATED FACILITIES.** The septic system and related facilities utilized for or serving only one Unit and located within the Private Yard Area appurtenant to such Unit, as shown on the Condominium Map, is appurtenant to and for the exclusive use of such Unit.
4. **STORAGE SHED.** The storage shed building, located within the Private Yard Area appurtenant to Unit B, as shown on the Condominium Map, is appurtenant to and for the exclusive use of Unit B.

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes which may be due and owing. Reference is made to the Real Property Tax Division County of Maui.
2. Agreement dated May 12, 1992, recorded as Document No. 92-088941.
3. Elevation Agreement dated May 12, 1992, recorded as Document No. 92-088942.
4. Subdivision Agreement (Agricultural Use) dated August 11, 1994, recorded as Document No. 94-147338.
5. Grant to Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated dated September 29, 1995, recorded as Document No. 95-141038, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and underground power lines, etc., for the transmission of electricity, over Easements 1, 2 and 3.
6. Elevation Agreement dated November 21, 1995, recorded as Document No. 96-003300.
7. Modification of Subdivision Requirements Agreement dated November 28, 1995, recorded as Document No. 96-003301.
8. Subdivision Agreement (Three Lots or Less) dated December 11, 1995, recorded as Document No. 95-165945.
9. Declaration dated March 15, 1996, recorded as Document No. 96-045686.
10. Private Fire Protection System and Designation of Easements Agreement of Eucalyptus Hill Subdivision dated March 15, 1996, recorded Document No. 96-045687.
11. Road Maintenance Agreement of Eucalyptus Hill Subdivision, dated March 15, 1996, recorded as Document No. 96-045690.
12. Agreement – Additional Structure in Agricultural District dated November 5, 1997, recorded as Document No. 99-075035.
13. Mortgage dated July 1, 1999, recorded as Document No. 99-113694, and assigned to Bankers Trust Company of California, N.A., by instrument dated July 27, 1999, recorded as Document No. 2000-163355.
14. Mortgage dated April 7, 2000, recorded as Document No. 2000-050831, and assigned to Chase Bank of Texas, National Association, by instrument dated April 7, 2000, recorded as Document No. 2000-050832.

EXHIBIT G

ESTIMATED MAINTENANCE FEES

The regular maintenance and repair of each unit and appurtenant limited common elements shall be the sole responsibility of each respective unit owner. Section 514A-86, Hawaii Revised Statutes, requires that the association purchase fire insurance to cover the improvements portion of the project. The Developer anticipates that the association will elect to require each owner to obtain separate fire insurance and liability policies for his respective unit pursuant to Article 7 of the Bylaws. As such, premiums for such policies will be the individual responsibility of each unit owner.

Expenses relating to the maintenance and/or repair of Mauka Alae Road, the Private Water System and the Private Fire Protection System shall be common expenses to be shared equally by all unit owners; provided, however, that if damage to Mauka Alae Road, the Private Water System or the Private Fire Protection System is caused by the negligence of any unit owner or such owner's invitees or guests, then all costs for the repair of such damage shall be charged to and the liability of such unit. The Developer does not expect that any maintenance fees will initially be assessed for such purposes.

Pursuant to Chapter 514A of the Hawaii Revised Statutes and Title 16, Chapter 107 of the Hawaii Administrative Rules, for the fiscal year beginning after the Association's first annual meeting and for each fiscal year thereafter, the Association shall, with respect to the common elements of the Project requiring capital expenditure or major maintenance (including the Private Water System and the Private Fire Protection System) assess the Owners to either fund, for the applicable fiscal year, a minimum of fifty percent of the estimated replacement reserves or fund 100% of the estimated replacement reserves when using the cash flow plan. Estimated replacement reserves shall be computed by a formula based on the estimated life and the estimated capital expenditure or major maintenance required for such parts of the Project.

EXHIBIT H

SUMMARY OF SALES CONTRACT

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

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- (d) That the Sales Contract may be subordinate to the lien of a construction lender.
- (e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- (f) Requirements relating to the purchaser's financing of the purchase of a unit.
- (g) That the unit 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.
- (h) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.
- (i) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (j) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.
- (k) That the purchaser will not receive interest on deposits made under the Sales Contract.
- (l) In the event of a default by the purchase under the Sales Contract, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

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

EXHIBIT I

Summary of Pertinent Provisions of Escrow Agreement

The executed escrow agreement dated October 27, 2000, identifies Title Guaranty Escrow Services, Inc., as the "Escrow" and provides that a purchaser shall be entitled to a return of his funds, if any one of the following has occurred:

- (a) Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held under the Escrow Agreement by Escrow; or
- (b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or
- (c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to §514A-62, Hawaii Revised Statutes, as amended; or
- (d) A purchaser has exercised his right to rescind the contract pursuant to §514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of \$250.00) and thereupon said sales contract shall be deemed canceled and any partially executed conveyance document theretofore delivered to Escrow shall be returned to Developer; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of Escrow's intent to make such refund.

If a purchaser fails to perform any of its obligations under the sales contract, including, but not limited to, payment of monies, Escrow shall notify purchaser of such default and establish a deadline for purchaser to perform its obligations. If purchaser fails to cure its default under the Sales Contract by performing its obligations on or before the deadline specified by Escrow, Developer may terminate the Sales Contract. Upon notification of such termination by Developer, Escrow shall deliver all monies deposited by purchaser to Developer. Purchaser shall have no further rights to such deposited funds, nor shall purchaser have any right to purchase the unit.

EXHIBIT J

RESERVED RIGHTS

- A. Until all of the units have been sold and conveyed, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by any title insurance company issuing a title insurance policy on the Project or any of the units, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that, except as otherwise provided in the Declaration, no such amendments that would change the common interest appurtenant to a unit or substantially change the design, location or size of a unit shall be made without the consent to such amendment by all persons having an interest in such unit.
- B. At any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of a Unit and its appurtenances to a party other than the Developer, Developer may amend the Declaration and/or the other Project Documents in any manner without approval or consent of any Unit purchaser. This shall not be deemed to limit or restrict the Developer's rights as a Unit owner to amend the Declaration as provided in the Project Documents.
- C. The Developer has reserved the right to develop and add to the Project one additional unit in the area designated Limited Common Element B. The Declaration and the Condominium Map would be amended upon the development of any such additional unit to reflect the addition of such unit to the Project. If an additional unit is added to the Project, the common interest for Unit B would be adjusted downward. The percentage common interest of each unit in the amended project would be determined by dividing the approximate land area of each Private Yard Area by the approximate total land area of all Private Yard Areas in the amended project. Upon recordation of the amendment(s) to the Declaration, all of the units in the Project, including the additional unit, would have the right to use the common elements of the Project to the same extent and subject to the same limitations as are imposed upon a unit as though the amended project had been developed initially as one project.
- See Section O of the Declaration for details regarding the Developer's right to construct and add to the Project the additional unit.
- D. The Developer has reserved the right to redesign the Private Water System and the Private Fire Protection System in connection with development of Lot 1-C of the Eucalyptus Subdivision. Such a redesign will not materially and adversely affect water service or fire protection service to the Project. See Section P of the Declaration for details regarding the Developer's right to redesign the Private Water System and the Private Fire Protection System.