

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer: LINDA JEAN SWANSON
Address: 247 Kaweo Place, Kula, Maui, Hawaii 96790

Project Name (*): THE HIGHLANDS CONDOMINIUM
Address: 247 Kaweo Place, Kula, Maui, Hawaii 96790

Registration No. 4708 (CONVERSION) Effective date: September 4, 2001
Expiration date: October 4, 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.
- FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
 - 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.
FORM: RECC-30 286/986/189/1190/892/0197/1098/0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

[✖] No prior reports have been issued by the developer.

[] Changes made are as follows:

SPECIAL ATTENTION

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

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

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

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: **LINDA JEAN SWANSON** Phone: (808) 878-3592

247 Kaweo Place
Kula, Maui, 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*: **NONE SELECTED.** See page 20

Phone: _____
(Business)

Business Address _____

Escrow: **OLD REPUBLIC TITLE & ESCROW OF HAWAII**

Phone: (808) 875-6950

1325 South Kihei Road, Suite 110
Kihei, Maui, Hawaii 96753

General Contractor*:

N/A
Name

Phone: _____
(Business)

Business Address _____

Condominium Managing Agent*:

None - Self Managed by the Association
Name of Apartment Owners

Phone: _____
(Business)

Business Address _____

Attorney for Developer:

THOMAS A. BODDEN

Phone: (808) 244-8222
(Business)

Bodden & Muraoka, ALC
24 North Church Street, Suite 200
Wailuku, Maui, Hawaii 96793

* 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. 2001-110078
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. 3305
 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. 2001-110079
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%*	75%
Bylaws	65%	65%
House Rules	---	_____

* 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:

~ While Developer has not reserved the right to change the Declaration, Condominium Map or House Rules, so long as Developer owns a unit in the Project, Developer has reserved the right to grant perpetual easements in gross through, over or across the land or any common element to any public utility or government agency and to relocate or terminate any existing easement.

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 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: 247 Kaweo Place Tax Map Key (TMK): (II) 2-2-20-66
Kula, Maui, Hawaii 96790

Address TMK is expected to change because _____
Neither the address nor the TMK are expected to change

Land Area: 0.924 square feet acre(s) Zoning: RURAL

Fee Owner: LINDA JEAN SWANSON

247 Kaweo Place
Kula, Maui, Hawaii 96790

Lessor: None
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 has 2 floors
Apt. B has 1 floor

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning:

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

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

- Pets: -- No livestock shall be allowed or kept on any part of the Project.
- No pet shall be a "pest" as defined under HRS §150A-2, or an animal prohibited from importation under applicable sections of Hawaii law.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
A	1	2 BR/1-1/2 Bath	1,328	930 303 198	deck areas garage storage
B	1	2 BR/1Bath	661	420	deck

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

Space measured horizontally by the distances between the finished exterior surface of perimeter walls, windows and doors, and vertically by the distances between the finished exterior surface of its foundation and floor supports and the finished exterior surface of its roof.

Permitted Alterations to Apartments:

Interior, non-structural alterations may be made at any time by the unit owner, in accordance with applicable law.

Structural alterations are subject to the approval of the Board of Directors and upon obtaining all applicable approvals and permits.

All costs associated with alterations shall be at the unit owner's sole cost and expense.

Apartments Designated for Owner-Occupants Only: **NOT APPLICABLE TO THIS PROJECT.**

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has _____ elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 3

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned							
Apt. A	1	1					2
Apt. B		1					1
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	3		0	0	0	0	<u>3</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

Pursuant to Hawaii Revised Statutes § 514A-40(b)(3), the Declarant hereby states that no representations are made with respect to the useful life of any structural component or mechanical or electrical installations material to the use and enjoyment of The Highlands Condominium. A statement by the Declarant, based upon a report prepared by an independent Hawaii registered architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the project is attached as Exhibit B.

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	✘	_____	_____
Structures	✘	_____	_____
Lot	✘	_____	_____

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 C.
 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 D .

as follows:

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 shall have appurtenant thereto an equal undivided fifty percent (50%) interest in all common elements of 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 E describes the encumbrances against the title contained in the title report dated July 19, 2001 and issued by OLD REPUBLIC TITLE & ESCROW 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.

[*] 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 February 20, 1998, in favor of Amriquest Mortgage Company, recorded in the Bureau of Conveyances as Document No. 98-025873, in the amount of \$168,100.	Mortgages will be released prior to conveyance of an apartment to Buyer. If said liens are foreclosed prior to conveyance to Buyer, all of Buyer's deposits will be refunded immediately by escrow.
Mortgage dated March 30, 2001, in favor of American Savings Bank, F.S.B., recorded in the Bureau of Conveyances as Document No. 2001-048516, in the amount of \$25,000.	

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:**

Apartment A was completed in 1975.

Apartment B was completed in 1990.

H. **Project Phases:**

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

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

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 G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated August 3, 2001
Exhibit H contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- 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 _____

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

This Public Report is a part of Registration No. 4708 filed with the Real Estate Commission on August 13, 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. Attention is drawn to the fact that, under Maui County zoning and building codes, the size of a secondary dwelling on a single parcel of land is limited where land is zoned agriculture and/or where the area of a parcel does not exceed two times the minimum required lot size. In recognition of this, the Declaration provides (at Section 4D thereof) as follows:

Notwithstanding the foregoing, if and to the extent that zoning laws or other governmental regulations restrict the size of one of the dwellings on the Property, such restriction shall apply to Apartment B, and no improvements shall be constructed by the owner of Apartment B which would: 1) cause it to exceed the maximum square footage permitted by law; or 2) result in a restriction on the ability of the owner of Apartment A to increase the size thereof.

2. Disclosure regarding selection of Real Estate Broker. The Developer has not selected a real estate broker for the sale of the condominium units in the project at this time. At this time, the Developer intends to retain Apartment A and transfer Apartment B to a related party. In the event the Developer chooses to use a real estate broker for the sale of a condominium unit, prior to entering into a binding contract for such sale the Developer shall : (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker, together with a duly executed Disclosure Abstract identifying the designated broker and the Developer as "Owner" as defined under Section 467-2(1), Hawaii Revised Statutes; and (2) provide a copy of the Disclosure Abstract to the purchaser together with a copy of this Public Report.
3. 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 County of Maui Department of Water Supply has adopted a policy to require that each apartment in a condominium have a separate meter. Due to the current shortage of water in the Department's upcountry water system, it may not be possible to obtain a second water meter for this property. BUYER IS CAUTIONED THAT BUYER MAY BE FORCED TO OBTAIN A METER AS A CONDITION TO ANY REMODELING, EXPANSION OR REPLACEMENT OF BUYER'S APARTMENT. BUYER IS REFERRED TO THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

4. Sewer. Each apartment has its own on-site septic system. County sewer service is not available. The owner of each apartment shall be responsible for the cost of maintaining and operating said apartment system. In the event that County sewer service becomes available, each apartment will be responsible for connecting to the County system, including the expense related thereto.

C. **Additional Information Not Covered Above (continued)**

5. **Sex Offender Registration (“Megan’s Law”)**. Hawaii has enacted a law requiring sex offenders to register with the Attorney’s 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.
6. **Asbestos Disclosure**. Asbestos materials are hazardous to one’s health, particularly if asbestos fibers are released into the air and inhaled. In the past (prior to 1979, but possibly more recently) asbestos was a commonly used insulation material in heating facilities and in certain types of floor and ceiling materials, shingles, plaster products, cement and other building materials. Buyer may wish to make appropriate inquiry into the possible existence of asbestos on the property. Structures having “popcorn” or “cottage cheese” type ceilings may contain asbestos fibers or asbestos-containing material. Such a ceiling should not be disturbed because disturbance could release asbestos fibers in the air. Any disturbance should be done only by licensed abatement contractors.
7. **Hazardous Waste and Toxic Substances Disclosure**. Federal and state laws place strict liability on property owners for dangers caused by hazardous waste and may require that such owner pay for the cost of the cleanup of hazardous substances and other toxic substances. The Developer is only aware of residential use of the property. Buyer may have liability for hazardous substances located on or under the property even if Buyer did not cause such substances to be on or under the property. Therefore, Buyer may wish to make appropriate inquiries into the past use of the property and seek an environmental assessment to ascertain the possible existence of such hazardous substances located on or under the property.
8. **Lead Warning**. Apartment A was constructed in 1975. Apartment B was constructed in 1990. A dwelling built prior to 1978 may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women.

The Developer has no knowledge and no reports or records of lead-based paint and/or lead-based paint hazards in either apartment. Buyer may conduct a risk assessment or inspection for possible lead-based paint hazards prior to purchase.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this 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 Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- 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.

LINDA JEAN SWANSON

Printed Name of Developer

By: 
Duly Authorized Signatory*

AUG 03 2001

Date

Printed Name & 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"

Apartment A shall have two (2) standard parking stalls appurtenant to it, one of which shall be located inside the enclosed, covered garage which constitutes a portion of said apartment, and the second of which is an open, uncovered stall (constituting a limited common element) located adjacent to said Apartment A as depicted on the Condominium Map.

Apartment B shall have one (1) standard parking stall appurtenant to it, which is an open, uncovered stall (constituting a limited common element) located adjacent to said apartment within the limited common Yard Area appurtenant to said Apartment B as depicted on the Condominium Map.

EXHIBIT "B"

DECLARANT'S STATEMENT

Pursuant to Hawaii Revised Statutes § 514A-40(b)(3), the undersigned Declarant hereby states that no representations are made with respect to the useful life of any structural component or mechanical or electrical installations material to the use and enjoyment of The Highlands Condominium.

DATED: April , 2001 .



LINDA JEAN SWANSON

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the project will include the following:

- (a) The Land in fee simple;
- (b) All walkways and easements which service both apartments;
- (c) The wooden bridge which provides access between the two apartments and is located partially on each both yard area.
- (d) Any pipes, cables, conduits, ducts, electrical equipment, wiring and other transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television or other signal distribution, if any;
- (e) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use; and
- (f) Any and all tangible personal property, vehicles, accounts, general intangibles, instruments and money held by or belonging to, and any apartment acquired and held by, the Association of Apartment Owners, or its agents, for the administration, maintenance, safety and operation of the common elements of the Condominium Property Regime, or for the common use and benefit of the apartment owners.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein called the "limited common elements," or "exclusive limited common elements" are hereby designated and set aside for the exclusive use of a certain apartment and such apartment shall have appurtenant thereto easements for the exclusive use of such limited common elements as follows:

(a) Yard Areas. Each apartment shall have appurtenant to it a land area, described and depicted as a limited common element or "Yard" Area, as depicted on the Condominium Map.

(b) Parking Stalls. Apartment A shall have two (2) standard parking stalls appurtenant to it, one of which shall be located inside the enclosed, covered garage which constitutes a portion of said apartment, and the other of which is an open, uncovered stall (constituting a limited common element) located adjacent to said Apartment A within the limited common Yard Area appurtenant to Apartment A as depicted on the Condominium Map. Apartment B shall have one (1) standard parking stall appurtenant to it, which is an open, uncovered stall (constituting a limited common element) located adjacent to said apartment within the limited common Yard Area appurtenant to said Apartment B as depicted on the Condominium Map.

(c) Mail Boxes. A separate receptacle for delivery of mail ("mail box") is designated for each apartment within the Project, which mailbox is a limited common element appurtenant to each apartment. Mail boxes will be located adjacent to each apartment within the yard appurtenant to each apartment along the roadway servicing each apartment as depicted on the Condominium Map.

(d) Lanai/Patio/Deck. Apartment A has six (6) deck areas attached to it, consisting of a total of 930 square feet and Apartment B has one (1) deck area attached to it, consisting of a total of 420 square feet, as depicted on the Condominium Map.

(e) Certain Equipment. Any pump, motor, fan, compressor or duct, or any installation for power, light, telephone, gas, hot and cold water, heating, refrigeration, television, sewage disposal, air conditions, or other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, up to the point, if any, of connection of said pipes, etc. to the (common element) portion of such pipe, etc. which serves more than one apartment), regardless of whether located in a common element, designed to serve only one apartment (that is, not designed or existing for common use), shall be appurtenant to such apartment, as a limited common element, and the same shall be reserved for the exclusive use and benefit of such apartment, and all costs and expenses of every description pertaining thereto, including, but not limited to, the cost of the maintenance, repair and replacement thereof, and the making of any additions and improvements thereto, shall be charged to the owner of such apartment.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

A preliminary title report, prepared by Old Republic Title & Escrow of Hawaii as of July 19, 2001, indicates that the following encumbrances presently exist against the title of the land which constitutes The Highlands Condominium project.

1. Any real property taxes which may be due and owing. Reference is made to the County of Maui Real Property Tax Division.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Declaration of Covenants, Conditions and Restrictions dated October 20, 1979, recorded in said Bureau of Conveyances in Liber 7303, Page 133.
4. Easement "7" (3, 689 square feet) for drainage purposes as shown on File Plan No. 1158.
5. Grant of Easement dated December 4, 1970, in favor of the County of Maui granting an easement over a portion of Easement 7, recorded in said Bureau of Conveyances in Liber 7421, Page 191.
6. Section 14.04.010 (E) Agreement relating to fire protection dated October 23, 1989, recorded in said Bureau of Conveyances in Liber 23949, Page 632.
7. Mortgage dated February 20, 1998, in favor of Amriquest Mortgage Company, recorded in said Bureau of Conveyances as Document No. 98-025873.
8. Mortgage dated March 30, 2001, in favor of American Savings Bank, F.S.B., recorded in said Bureau of Conveyances as Document No. 2001-048516.
9. Declaration of Condominium Property Regime dated June 4, 2001, recorded in said Bureau of Conveyances as Document No. 2001-110078.
10. Bylaws of the Association of Apartment Owners of The Highlands Condominium dated June 4, 2001, recorded in said Bureau of Conveyances as Document No. 2001-110079.
11. Condominium Map No. 3305 filed in said Bureau of Conveyances.

EXHIBIT F

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$75 x 12 months = \$900
B	\$75 x 12 months = \$900

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 Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$ 4.17	\$ 50
Telephone		
Water and Sewer	20.83	250

Maintenance, Repairs and Supplies

Building
Grounds

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance	100.00	1,200
Reserves(*)	25.00	300

Taxes and Government Assessments

Audit Fees

Other

TOTAL	\$150.00	\$1,800
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I, LINDA JEAN SWANSON, the condominium developer for THE HIGHLANDS condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


Signature

AUG 05 2001
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.

RESERVE ANALYSIS & CALCULATIONS

The Declarant has conducted an analysis of the project and its designated common elements to determine a budget for reserves for replacement of common element capital items pursuant to HRS Section 514A-83.6. That analysis is summarized below.

Common element items, and estimated useful life, replacement cost, and reserve amount per year.

<u>Item</u>	<u>Useful Life</u>	<u>Replacement Cost</u>	<u>Per Year</u>
Water line	40 years	\$5,000	\$125
Bridge	25 years	2,500	100
Misc.	24 years	1,800	<u>75</u>
			\$300

Reserve Amount

<u>Per Year</u>	<u>Per Month</u>	<u>Per Month Per Apartment</u>
\$300	\$ 25	\$12.50

EXHIBIT "G"

SUMMARY OF FEE SIMPLE CONDOMINIUM SALES CONTRACT

Each apartment in The Highlands Condominium will be sold by the developer, Linda J. Swanson, to the prospective purchaser pursuant to the terms of a Fee Simple Condominium Sales Contract.

The Contract provides for the sale of an individual apartment unit, in fee simple, together with an appurtenant percentage of the common elements of the project, including the land, as more specifically described in the Condominium Declaration.

The Contract specifies the terms under which the purchase price shall be paid, including an initial deposit to be paid at the time of signing, an additional deposit to be paid within a specified number of days after the seller's acceptance of the Contract, and final payment to be paid at closing.

The Contract also provides an estimate of the project maintenance fee, start up fee and closing costs that will also be required of the purchaser at closing.

Each of the standard terms and conditions of the Contract is summarized briefly below. Complete terms and provisions are contained in the Contract itself, and in the event of any question of interpretation, or conflict between the terms of the Contract and of this summary, the terms of the Contract shall apply. Therefore, a prospective purchaser is urged to read the entire Contract, carefully and in detail, and to consult with his or her own advisors if any questions exist, before signing the Contract.

Section Summaries

1. **PROJECT INFORMATION.** Name of Seller and the location of the project, which contains a total of two residential apartments.

2. **DESCRIPTION OF PROPERTY AND INTEREST CONVEYED.** Indicates that each apartment or unit is as described in the Condominium Declaration and on the Condominium Map and consists of the area within the interior of the described perimeter boundaries.

3. **BUYER'S FINANCIAL CAPABILITIES.** Includes a representation by Buyer that Buyer has the financial capability, in cash or cash and funds to be obtained by loan, to make all payments required of Buyer under the Contract. If Buyer is to pay any portion of the purchase by mortgage financing, this section imposes specific requirements as to method and time of application related thereto.

4. ESCROW AGREEMENT, INTEREST. This paragraph summarizes the Escrow Agreement, pursuant to which a Buyer's funds shall be held in escrow pending closing of the transaction and any interest earned with respect to that Buyer's deposit shall be credited to Buyer. A summary of the Escrow Agreement is attached to this Public Report.

5. UNCLAIMED REFUNDS. Provides that any amounts refundable to Buyer which are not claimed within 60 days of transmittal of notice thereof from escrow to Buyer may be deposited with such depository as selected by escrow.

6. CONDOMINIUM DEED; CLOSING. Provides that Seller shall provide to Buyer, at closing, a Condominium Apartment Deed, and sets forth the timing and procedures for pre-closing and actual closing of the transaction.

7. OTHER CLOSING COSTS. Describes other additional expenses that will be incurred and payable by Buyer at closing, including real property tax, maintenance fees, insurance, etc.

8. ACCEPTANCE OF CONDOMINIUM DOCUMENTS. Acknowledges that Buyer has received, reviewed, approved and accepts all condominium documents, including but not limited to the Declaration, Bylaws, Escrow Agreement, and form of Condominium Unit Deed.

9. CONDOMINIUM MAP. Refers to the Condominium Map, and states that the Buyer agrees that the Condominium Map, floor plans and elevations are not intended to constitute any representation or warranty by Seller.

10. RISK OF LOSS; CONDEMNATION. Provides that risk of loss rests with Seller until the closing date and thereafter with Buyer, and provides that no taking by eminent domain of any easement or limited right or portion of the common element, which does not substantially interfere with or diminish the practical enjoyment or use by Buyer of the common elements as originally planned, shall be deemed grounds for cancellation of the Contract.

11. ESTIMATED MONTHLY MAINTENANCE COSTS. Confirms that Buyer has examined and approved the schedule of estimated monthly maintenance charges and acknowledges that these are estimates only.

12. AUTHORITY OF SELLER. Provides that Buyer authorizes Seller to exercise all powers of the Association and Board and officers of the Association, including voting, until the first annual meeting of the Association.

13. MANAGING AGENT. Specifies that if a managing agent is retained to manage the project, the contract of that managing agent shall have a term not exceeding one year from the date of the first organizational meeting of the Association and shall contain provisions that it may be terminated on not more than 60 days notice.

14. NO PRESENT TRANSFER. Provides the Sales Contract does not constitute a present transfer of any interest in the property.

15. CHANGES IN PROJECT. Provides that the Seller reserves the right to make changes in the condominium documents as and to the extent required by law, any title company or institutional mortgagee or other indicated purposes as Seller deems necessary, provided that such changes do not materially change Buyer's rights under the Contract or the apartment to be purchased thereunder. This section also provides that the Seller retains the right to grant easements over portions of the land, and in connection therewith Seller is granted a power of attorney to sign on Buyer's behalf.

16. CHANGES IN CIRCUMSTANCES. Provides that if, due to changes in indicated circumstances, the Seller determines it is not possible or practical to proceed with the sale, Seller may cancel the Contract without further obligation to Buyer.

17. SALES BASED ON PRELIMINARY REPORT. Provides that any sales, contract entered into prior to the issuance of a final public report shall constitute a reservation agreement only.

18. DEFAULT. Provides the Seller with various remedies in the event of default by Buyer.

19. NO ASSIGNMENT OR TRANSFER OF SALES CONTRACT. Provides that the Buyer may not assign or transfer the Contract or any rights thereunder.

20. NO RENTAL REPRESENTATION. Provides that the Seller makes no representations as to the ability to rent the subject apartment.

21. DISCLAIMER. Contains a disclaimer by Seller as to any representation or other statements pertaining to development of the Project or improvements not consistent with those described in the Declaration and Condominium Map.

22. DEFINITIONS. Provides definitions of the terms Seller and Buyer.

23. NOTICES. Provides that any notice delivered personally or deposited in the United States mail, postage pre-paid, addressed to the other party shall be deemed delivered 48 hours after deposit.

24. GENERAL PROVISIONS. Provides that time shall be of the essence, that Hawaii law should be used in interpreting and governing the Contract, and that if any provision of the Contract is declared ineffective, the remaining portions of the Contract shall remain in full force and effect.

25. ENTIRE AGREEMENT. Provides that the Contract contains the entire agreement between Seller and Buyer and supersedes any and all prior negotiations, representations, etc.

26. SELLER'S APPROVAL. Provides that the Contract shall not be binding upon Seller until ratified and accepted in writing by Seller.

27. CONTINUATION OF OBLIGATIONS. Provides that, except to the extent fulfilled at or prior to closing, all provisions of the Contract shall survive the execution and filing of the Condominium Deed.

28. PURCHASERS' FUNDS. All purchasers' funds shall be placed in an escrow account. Purchasers' funds shall not be disbursed to pay for construction costs or other expenses of the project until both the completion of the apartment to be conveyed and the closing of the sale. If closing is to occur prior to the expiration of the applicable mechanic's lien period, the developer shall provide releases and protect the purchaser from the obligations thereunder.

NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE SALES CONTRACT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE CONTRACT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF, OR AN AMENDMENT OR MODIFICATION OF, THE SUBJECT CONTRACT. THE TERMS OF THE ACTUAL CONTRACT BETWEEN SELLER AND BUYER (AND ONLY THOSE TERMS) SHALL APPLY.

EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT DATED August 3, 2001

Escrow Agreement between OLD REPUBLIC TITLE & ESCROW OF HAWAII, a Hawaii corporation as "Escrow" and LINDA JEAN SWANSON, as "Developer."

The Escrow Agreement provides the terms under which a Fee Simple Condominium Sales Contract between the Developer as Seller and any prospective purchaser as Buyer will be deposited with and held and administered by Escrow, and also provides for the deposit of funds by Buyer and the retention and distribution of the same by Escrow.

Each of the standard terms and conditions of the Escrow Agreement is summarized briefly below. Complete terms and provisions are contained in the Escrow Agreement itself, and in the event of any question of interpretation, or conflict between the terms of the Agreement and of this summary, the terms of the Agreement shall apply.

Section Summaries.

1. Information about the Project. The name of the Project is THE HIGHLANDS CONDOMINIUM located at Kula, Maui, Hawaii, Tax Map Key No. (II) 2-2-20-66. The Project consists of two residential apartments.
2. Reason for this Escrow Agreement. The purpose of the Escrow Agreement is to explain how Escrow will handle Buyer's payments and help Seller and Buyer complete the sale of an apartment.
3. Sales contracts and payments. This section provides that Seller will give to Escrow a signed copy of the Sales Contract and all deposits to be promptly deposited with Escrow.
4. Collection notices. This section provides that Escrow will promptly write to Buyer and ask for payment to be made to Escrow not later than five days after the Buyer has received Escrow's written notice.
5. What Escrow will do with the buyer payments. This section provides that all funds will be held by Escrow and disbursed pursuant to the terms of the Escrow Agreement.
6. Giving back of money ("refunds") to Buyers. This section states the terms under which Buyer funds are to be returned to the respective party, either by reason of the cancellation of the Escrow or exercise by a Buyer of his rights to rescind as set forth in the Sales Contract and applicable Hawaii law. This section also provides for imposition by Escrow of a cancellation fee.

7. Buyer's default. This section provides for the disposition of funds and cancellation of Escrow in the event of any of various defaults by Buyer under the Sales Contract.

8. Return of document. This section provides that upon cancellation of a sale, Escrow will keep the sales contract, return to Seller any documents to transfer ownership and to Buyer's lender any mortgage documents.

9. Signing of documents and closing procedures. This section sets forth the conditions and procedure for pre-closing.

10. Pre-closing. For projects that are under construction, this section sets forth the conditions for pre-closing to occur 120 days before closing. [NOT APPLICABLE FOR THIS PROJECT].

11. Closing. This section sets forth the conditions for and procedure for closing.

12. Escrow's protection from owing any money. This section provides that Escrow will rely on instructions agreed to by Seller and Buyer and will not owe anyone any money so long as Escrow has closed the Sales Contract according to those instructions.

13. Escrow will not decide disputes; arbitration. This section sets forth the actions Escrow will take in the event of a dispute between the parties of a sale.

14. Seller to indemnify Escrow. This section provides for the release and indemnification of Escrow from liability for any act taken by Escrow in accordance with the terms of the Sales Contract.

15. Reports by Escrow. This section describes the types of reports Escrow will provide to Buyer and Seller.

16. Application of this Agreement. This section provides that Escrow cannot assign any of its rights and duties under the Escrow Agreement unless agreed to by Seller, and that any changes to the Escrow Agreement must be in writing and signed by Escrow and Seller.

17. Notices. This section provides that notices required under the Escrow Agreement may be delivered in person or by mail.

18. Termination. This section provides that the Escrow Agreement may be terminated upon 15 days notice by either party to the other, provided that in the event of termination, transactions in process thereunder at that time shall be completed under the terms of the Escrow Agreement.

19. Statutory provisions control. This section provides that anything in the Sales Contract notwithstanding, the provisions of Chapter 514A of the Hawaii Revised Statutes (Condominium Property Act), if in conflict with the Escrow Agreement, shall control.

20. How any court should read this Agreement. This section provides that the Escrow Agreement is written in plain language and that any court is asked to interpret its terms as common sense would require.

21. Escrow's Fees. This section provides for the payment to Escrow of fees for its services.

NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE ESCROW AGREEMENT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE ESCROW AGREEMENT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF OR AN AMENDMENT OR MODIFICATION OF THE AGREEMENT. THE TERMS OF THE ACTUAL AGREEMENT BETWEEN ESCROW AND THE SELLER/DEVELOPER (AND ONLY THOSE TERMS) SHALL APPLY.