

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Jon Santos and Stacey Santos
Address 1145 A West Kuiaha Road, Haiku, Maui, Hawaii 96708
Project Name (*): THE K & J MAUKA VIEW CONDOMINIUM
Address: 1145 A West Kuiaha Road, Haiku, Maui, Hawaii 96708

Registration No. 5864

Effective date: January 26, 2006
Expiration date: February 26, 2007

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.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
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 586-2643 to submit your request.
FORM: RECO-30 1297 / 0298 / 0800 / 0203 / 0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required – Disclosures covered in this report

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

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

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

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL DWELLING STRUCTURE TO A RESIDENTIAL DWELLING USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property. Apartment A is an existing residential farm dwelling and Apartment B is an existing residential farm dwelling.
2. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
3. Under the current zoning ordinance, only one full size farm dwelling and one farm dwelling with a living area of 1000 square feet or less are permitted. Apartment B was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.
4. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agriculture-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, farm plans may be required. Dwellings may only be constructed and used as "farm dwellings". BUYER SHOULD CONSULT WITH AN ATTORNEY OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.
5. In a condominium, all of the land included in the condominium remains a single, undivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.

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	
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	
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	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
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	
EXHIBIT K: County of Maui Public Works Dept Department letters dated 9-26, 11-1, 1-15, 2005	

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: Jon Santos and Stacey Santos Phone: (808) 870-3648
 Name* (Business)
1145 A West Kuiaha Road
 Business Address
Haiku, Hawaii 96708

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* : SRH, inc. dba ERA Maui Real Estate Phone: (808) 877-6565
 Name (Business)
270 Dairy Road #150
 Business Address
Kahului, Maui, Hawaii 96732

Escrow First American Title Insurance Co. Phone: (808) 871-2211
 Name (Business)
173 Hoohana Street #1
 Business Address
Kahului, HI 96732

General Contractor*: n/a Phone: _____
 Name (Business)

 Business Address

Condominium Managing Agent*: Self-Managed by the Assn of Apt Owners Phone: _____
 Name (Business)

 Business Address

Attorney for Developer: R. Clay Sutherland Phone: (808) 871-8720
 Name (Business)
140 Hoohana Street, Ste. 320
 Business Address
Kahului, HI 96732

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2005-142276
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. 4033
 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. 2005-142277
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

See Exhibit J attached to this public report.

[] 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: 1145 A West Kuiaha Road Tax Map Key (TMK): (2) 2-7-012-147
Haiku, Maui, Hawaii 96708

[] Address [] TMK is expected to change because _____

Land Area: 2.014 [] square feet [X] acre(s) Zoning: Agricultural

Fee Owner: Jon Santos and Stacey Santos
 Name
1145 A West Kuiaha Road
 Address
Haiku, Maui, Hawaii 96708

Lessor: N/A
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Units, 2 sheds Floors Per Building: 1

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:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input type="checkbox"/> Residential	_____	<input 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 checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" 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: See the Bylaws, page 42, Section 12.1

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
1	1	3/4	2309	746 / 552	lanai / garage & carport
2	1	3/3	1483	134 / 1073	lanai / garage & storage
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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:

See Exhibit B

Permitted Alterations to Apartments:

See Exhibit C

Apartments Designated for Owner-Occupants Only:

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 not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	<u>8</u>				
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>
	<u>Covered Open</u>		<u>Covered Open</u>		<u>Covered Open</u>
Assigned (for each unit)	<u>6</u>	<u>2</u>	_____	_____	<u>8</u>
Guest	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>8</u>		_____	_____	<u>8</u>

Each apartment will have the exclusive use of at least 4 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

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

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

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

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

With respect to the Units, which have been in existence for at least five years, no representations of any kind are made as to the expected useful life of the structural components and mechanical and electrical installations material to the use and enjoyment of Unit 1 and Unit 2. Developer is conveying Unit 1 and Unit 2 in "as is" condition.

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:

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 1 - eighty-three percent (83%); Unit 2 - seventeen percent (17%)

- 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 November 28, 2005 and issued by First American Title Insurance Company.

Blanket Liens:

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

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

[x] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage to Washington Mutual Bank dated June 14, 2004 and recorded June 21, 2004 as Document No. 2004-123968 in the State of Hawaii Bureau of Conveyances in the amount of \$640,725.00.	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fee. All mortgage liens will be paid in full out of the proceeds of the sale of the first apartment and the apartments will be released from the liens at that time.

F. Construction Warranties:

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

1. Building and Other Improvements:

None

2. Appliances:

None

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

Construction of Unit 1 was completed in 1992.
Construction of Unit 2 was completed in 1960.

H. **Project Phases:**

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

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

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
- self-managed by the Association of Apartment Owners
- the Developer or Developer's affiliate
- 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).

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 _____

At this time, the units share a common water meter. Water will be sub-metered to each unit and water bills will be divided and paid proportionately according to proportionate usage. However, the developers have applied to the County of Maui for a separate water meter for Unit 1. Unit 1 shall be responsible for the construction, installation, maintenance, repair and upkeep of the water meters, its equipment and appurtenances, with said water meter and appurtenances to be located within Unit 1's limited common elements. Upon receipt of the new meter, the existing meter shall be assigned to Unit 2 exclusively as its limited common element.

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 August 26, 2005
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 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.

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5864 filed with the Real Estate Commission on DECEMBER 15, 2005

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. **Additional Information Not Covered Above**

The K & J Mauka View Condominium is a condominium project, not a subdivision. Unit 1 and 2 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.

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.

Lead Warning Statement. Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property 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 seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Unit 1 shall have a waterline easement over a portion of the limited common element for Unit 2, as shown on the Condominium File Plan as Easement A, for water purposes. The maintenance and repair of the waterline Easement A shall be borne solely by the Owner of Unit 1.

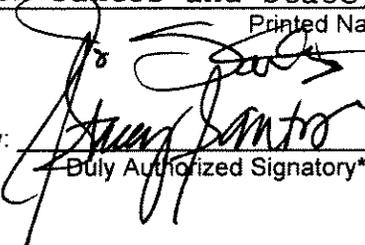
The developer is currently on the County of Maui's water meter list. Upon notice from the County of Maui of the water meter's availability to K & J Mauka View Condominium, the developer will immediately notify the owner of Unit 1 in writing of the same. Unit 1's Owner, at its sole expense and cost, will be responsible for any and all necessary actions towards securing the water meter within the Limited Common Elements of Unit 1. Once Unit 1's water meter is secured, the utilities for the water usage for each unit shall be billed directly from the County to Unit 1 and Unit 2 respectively, and the Units shall no longer share the existing water meter.

A rock wall, for drainage purposes located as shown on the Condominium Map, is located in the southeast corner of the project. Unit 1 will be solely responsible for the maintenance, repair, and upkeep of the rock wall.

Cesspools - if for any reason(s) the cesspools require replacement, the appropriate Unit owner will be required to meet current EPA and health standards. Cesspools are no longer acceptable. Septic tanks with leach fields are the current replacement standards.

- 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-1.6] (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.

Jon Santos and Stacey Santos
 Printed Name of Developer

By: 
 Duly Authorized Signatory*

Dec. 7, 2005
 Date

Jon Santos and Stacey Santos
 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"

DESCRIPTION OF BUILDINGS:

The Project consists of two (2) Units, located as shown on the Condominium Map. Unit 1 consists of one (1) residential Apartment identified as "Building 1", along with two (2) separate storage buildings identified as "Shed 1" and "Shed 2", and two (2) uncovered parking stalls. Building 1 contains two (2) covered parking stalls within its garage. Unit 2 contains one (1) residential apartment building identified as "Building 2" and two (2) uncovered parking stalls. Building 2 contains two (2) covered parking stalls within its carport. The buildings are constructed principally of concrete, wood, steel, glass and related building materials. Each apartment building is identified on the Condominium Map by numerical designation (1 and 2).

Neither of the buildings have a basement.

EXHIBIT "B"

DESCRIPTION OF APARTMENTS:

The Project contains two (2) residential apartments, as shown on the Condominium Map and as described below:

Building 1

A single-story apartment containing three (3) bedrooms, four (4) bathrooms, guest room, living room, kitchen/dining, two (2) lanais, storage/utility room, two (2) car garage, and two (2) uncovered parking spaces. Building 1 contains a net living area of approximately 2309 square feet, the lanai area of approximately 746 square feet, and the garage area of approximately 552 square feet, for a total of 3607 square feet.

A storage building identified as "Shed 1" contains an area of approximately 168 square feet.

A storage building identified as "Shed 2" contains an area of approximately 96 square feet.

Building 2

A single-story apartment containing three (3) bedrooms, two (2) bathrooms, living room, kitchen, office, lanai, a carport with two (2) covered parking stalls, and a two (2) car garage. Building 2 also contains two (2) uncovered parking stalls. Building 2 contains a net living area of approximately 1483 square feet, lanai area of approximately 134 square feet, storage area of approximately 95 square feet, and garage/carport area of approximately 978 square feet, for a total of 2690 square feet.

NOTE: The approximate net floor area of each apartment as set forth above is measured from the interior surface of the apartment 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. DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.

EXHIBIT "C"

L. ALTERATION OF THE PROJECT.

1. 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 Apartment Owners only pursuant to an amendment of this Declaration. Except as expressly provided otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent of the Apartment Owners and accompanied by the written consent of the eligible holders of first mortgages on Apartments to which at least fifty-one percent of the votes of Apartments subject to mortgages held by such eligible holders are allocated, and in accordance with complete plans and specifications therefor first approved in writing by the Board. 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. Any alterations or additions solely within an Apartment or within a limited common element appurtenant to and for the exclusive use of an Apartment or more than one Apartment shall require only the written approval thereof, including the plans thereof, by the Owners of such Apartment(s), by the holders of first mortgage liens affecting such Apartment (if the lienholders require such approval), by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the Board, and by all other Owners thereby directly affected (as determined by the Board). Upon completion of such alterations or additions, the Apartment Owner(s) directly affected shall duly Record and file of record an amendment to this Declaration together with the approved plans showing only such alterations or additions within an Apartment space or within a limited common element as aforesaid. Such amendment to this Declaration need only be executed by the Apartment Owner(s) directly affected and their first mortgagees, as may be required.

3. Any other provision in this Declaration to the contrary notwithstanding and without limiting any other provision in this Declaration, prior to (i) the time that all Apartments in the Project have been sold and the conveyance thereof Recorded, and (ii) the filing by Declarant of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, Declarant shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the Association, any Apartment Owner or any mortgagee, lienholder, Apartment purchaser or any other person who may have an interest in the Project, to do the following:

(a) To make alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) which change the floor plan of, change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Apartment and/or the limited common elements appurtenant thereto, in the Project which is not sold and the conveyance thereof Recorded; and

(b) To make other alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) which make minor changes in any Apartment in the Project or in the common elements which do not affect the physical location, design or size of any Apartment which has been sold and the conveyance thereof Recorded.

EXHIBIT "D"

COMMON ELEMENTS:

The common elements of the condominium consists of any common sewer pipes and other utilities serving more than one apartment in the condominium, and the areas shown by dotted diagonal lines on the Condominium Map, which includes the common entry and driveway. In addition, the common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" of the Declaration, in fee simple.
2. All sewer lines, drainage facilities, electrical equipment, wiring, pipes and other central and appurtenant facilities and installations over, under and across 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. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" of the Condominium Declaration.
4. 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.
5. All other parts of the Project which are not included in the definition of an Apartment.

EXHIBIT "E"

LIMITED COMMON ELEMENTS:

Each unit has appurtenant to it and for its exclusive use the land described in the condominium map as appurtenant thereto. The limited common element for Unit 1 is shown on the File Plan as "Limited Common Element 1". The limited common element for Unit 2 is shown on the File Plan as "Limited Common Element 2". Each area is appurtenant to and for the exclusive use of its apartment and which is physically located on said limited common element as shown on the condominium map. Certain apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. **Parking Stalls:**

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the parking stall(s) designated and located as shown on the Condominium Map.

2. **Driveways:**

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the driveway(s) designated and located as shown on the Condominium Map.

3. **Garage/Carport:**

The garage/carport is a limited common element appurtenant to the apartment(s) to which the parking stall(s) therein are appurtenant.

4. **Mailboxes:**

Each mailbox bearing the same identification as an apartment is a limited common element appurtenant to that apartment.

5. **Private Yard Area:**

Certain land area ("private yard area") of the project, located as shown on the Condominium Map and designated thereon as limited common element, is appurtenant to and for the exclusive use of each unit as designated on the Condominium Map.

Apartment 1 Private Yard Area is approximately 72,935 square feet.

Apartment 2 Private Yard Area is approximately 14,784 square feet.

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.

NOTE: The "common access area," as defined in Section G of the Declaration shall be available for use by the owner(s) of such units as set forth in Section G of the Declaration.

6. Portions of Water System:

With respect to the water system serving the project, any portion of the system that serves just one unit shall be a limited common element appurtenant to the unit so served. As discussed in more detail in Section G. 8 herein, it is anticipated that a new water meter may be provided by the County of Maui Department of Water Supply, for the exclusive use of Unit 1.

7. Septic System/Cesspool, 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.

8. Easements:

Apartment 1 shall have a waterline easement over a portion of the limited common element for Apartment 2, as shown on the Condominium File Plan as Easement A.

Apartment 1 shall have a drainage easement over a portion of the limited common element for Apartment 2, as shown on the Condominium File Plan as Easement B.

9. Rock Walls:

The Rock Wall located in the southeast corner of the Project is a limited common element appurtenant to Unit 1. Said Rock Wall is for drainage purposes, and is located and shown on the Condominium Map. If it becomes necessary or desirable to repair or rebuild any part of the Rock Wall, the repairing or rebuilding expense shall be the sole expense of the Owners of Unit 1.

The Rock Wall located around the Private Yard Area of Unit 2, is a limited common element appurtenant to Unit 2. Said Rock Wall is located and shown on the Condominium Map. If it becomes necessary or desirable to repair or rebuild any part of the Rock Wall, the repairing or rebuilding expense shall be the sole expense of the Owners of Unit 2.

If it becomes necessary or desirable to repair or rebuild any portion of the Rock Walls, such repair or rebuilding of the Rock Walls be undertaken, it shall be on the same location, and of the same size, as the original portion thereof and of the same or similar material of the same quality as that used in the original portion thereof unless the Owner has obtained prior written approval by the Association.

The Owners, their respective heirs, legal representatives, successors in title and assigns shall be responsible for maintaining the Rock Walls in good order and repair at all times. All maintenance and repair work shall minimize, to the greatest extent possible, any damage to the neighboring properties, and upon completion of any repair, rebuilding, or maintenance work, the parties shall return the condition of the property to the condition they were in prior to such work.

10. Hollow Tile Wall:

The Hollow Tile Wall located on the northern and western perimeter of Unit 1 is a limited common element appurtenant to Unit 1. The Hollow Tile Wall is located and shown on the Condominium Map. If it becomes necessary or desirable to repair or rebuild any portion of

the Hollow Tile Wall, such repair or rebuilding of the Hollow Tile Wall be undertaken, it shall be on the same location, and of the same size, as the original portion thereof and of the same or similar material of the same quality as that used in the original portion thereof unless the Owner has obtained prior written approval by the Association.

11. Storage Sheds:

The storage shed buildings, located within the Private Yard Area appurtenant to Unit 1, as shown on the Condominium Map, are appurtenant to and for the exclusive use of Unit 1.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. The terms and provisions contained in the document entitled "Agreement" recorded January 9, 1992, as Regular System Document No. 92-003150 of Official Records.

2. The terms and provisions contained in the document entitled "Hold Harmless Agreement" recorded July 11, 1994, as Regular System Document No. 94-115623 of Official Records.

3. A mortgage to secure an original principal indebtedness of \$640,725.00, and any other amounts or obligations thereby, dated June 14, 2004, between Mortgagor Jon E. Santos and Stacey K. Santos, husband and wife, and Mortgagee Washington Mutual Bank, FA, a federal savings bank, recorded on June 21, 2004, as Regular System Document No. 2004-123968 of Official Records.

4. Regular System Condominium Map No. 4033

5. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime, as may be amended. Said Declaration was recorded July 19, 2005, as Regular System Document No. 2005-142276 of Official Records

6. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws as may be amended. Said By-Laws were recorded July 19, 2005 as Regular System Document No. 2005-142277 of Official Records.

END OF EXHIBIT "F"

EXHIBIT G

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

Estimate of Initial Maintenance Fees:

<u>APARTMENT</u>		Monthly Fee x 12 months = Yearly Total
1	(83%)	\$257.30 X 12 = \$3137.40
2	(17%)	\$ 52.70 X 12 = \$ 642.60

Attachment 1 to Exhibit G
Estimate of Maintenance Fee Disbursements

The Developer, in arriving at the figure for “Reserves” in the attached estimate, has not conducted a reserve study in accordance with HRS §514A-83.6 and the replacement reserve rules. Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

EXHIBIT "G"

ESTIMATED INITIAL 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 the respective unit pursuant to Article 7 of the Bylaws. As such, premiums for such policies will be the individual responsibility of each unit owner.

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 assess the Owners to either fund, for the applicable fiscal year, a minimum of fifty percent or the estimated replacement reserves of 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 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 that:

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

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

(c) The Developer makes no representation 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) The Sales Contract may be subordinate to the lien of a construction lender.

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

(f) The requirements relating to the purchaser's financing of the purchase of a unit.

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

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

(j) The Developer has reserved the rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.

(k) 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.

(m) If any dispute or claim arises out of this contract and/or the apartment or buyer's interest in the common elements prior to or at any time after closing, between buyer and seller and the parties to such dispute or claim are unable to resolve the dispute, buyer and seller agree in good faith to attempt to settle such dispute or claim by non-binding mediation conducted under the commercial mediation rules of the American Arbitration Association.

(n) If the dispute between the parties is not resolved by mediation as provided in Article IV.I.6 (a) of the Sales Contract, the dispute or claim and any and all claims or disputes of any kind arising from or relating to this agreement and/or the apartment or buyer's interest in all of the common elements after the closing shall be submitted to final and binding arbitration pursuant to and in accordance with the guidelines of the commercial rules of the American Arbitration Association, and the ruling of the arbitrator shall be binding on the buyer and its successors and assigns (including successor owners of the apartment).

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 August 26, 2005, identifies First American Title Co., 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 therefore 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.

The following conditions must be met prior to disbursement of funds in escrow:

(a) The Real Estate Commission shall have issued an effective date for a Final Report on the Project, and Seller shall have delivered a true copy of the same to Escrow and:

(i) To the extent any sales contract is entered into and a purchaser's funds are obtained prior to the issuance of a Final Public Report, no disbursements shall be made from such purchaser's funds until (a) Seller has delivered to the purchaser a true copy of the Final Public Report personally or by registered or certified mail with return receipt requested; (b) the purchaser has executed the form of notice and receipt required by Section 514A-62, HRS; and (c) the purchaser has either waived any right to cancel the sales contract and a copy of the receipt and waiver has been given by Seller to Escrow, or, if the receipt and waiver form is not executed and returned to Seller prior to the expiration of the thirty-day period after delivery of the report to the purchaser, the purchaser shall have been deemed to have receipted for the report and to have waived the purchaser's right to cancel the sales contract, and proof of the purchaser's receipt of the report has been given by Seller to Escrow; or

(ii) To the extent any sales contract is entered into and a purchaser's funds are obtained prior to the issuance of a Contingent Final Public Report, or after the issuance of a Contingent Final Public Report but before the issuance of the Final Public Report, no disbursements shall be made from such purchaser's funds until (a) such Contingent Final Public Report shall have been issued; (b) Seller has delivered to the purchaser a true copy of the Contingent Final Public Report personally or by registered or certified mail with return receipt requested; (c) the purchaser has executed the form of notice and receipt required by Chapter 514A; (d) the purchaser has either waived any right to cancel the sales contract and a copy of the receipt and waiver has been given by Seller to Escrow, or, if the receipt and waiver form is not executed and returned to Seller prior to the expiration of the thirty-day period after delivery of the report to the purchaser, the purchaser shall have been deemed to have receipted for the report and to have waived the purchaser's right to cancel the sales contract, and proof of the purchaser's receipt of the report has been given by Seller to Escrow; (e) the Final Public Report for the Project shall have been issued and Seller shall have delivered to the purchaser personally or by registered or certified mail with return receipt requested a disclosure statement informing the purchaser that the Real Estate Commission has issued an effective date for the Final Public Report, which disclosure shall contain all information contained in the Final Public Report that is not contained in the Contingent Final Public Report; and (f) the purchaser shall have signed a receipt for the disclosure statement or the registered or certified mail receipt which accompanied the mailing of the disclosure statement to the purchaser, and a copy of the appropriate receipt has been given by Seller to Escrow.

(b) Seller or Seller's attorney shall have delivered a written opinion to Escrow stating that the purchaser's sales contract has become effective and that:

- (i) the requirements of Section 514A-62, 514A-63, and 514A-64.5, HRS, have been met;
- (ii) all sales contracts delivered to Escrow are binding upon the purchasers; and
- (iii) if the project is a conversion project, that requirements of Section 521-38, HRS, have been complied with.

Seller or Seller's attorney agrees to inform Escrow immediately in writing of the development of any event or occurrence which renders the opinion delivered by Seller or Seller's attorney pursuant to the paragraph 3(b) of the Escrow Agreement untrue.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

(d) Seller shall have delivered to Escrow (i) a written opinion from Seller's attorney stating that Seller has satisfied all conditions that must be met prior to the disbursement of purchasers' funds pursuant to Paragraph 4 of the Escrow Agreement and (ii) a certificate from Seller's architect stating that the project is in compliance with the Federal Fair Housing Amendments Act of 1988.

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.

ALAN M. ARAKAWA
Mayor

MILTON M. ARAKAWA, A.I.C.P.
Director

MICHAEL M. MIYAMOTO
Deputy Director

EXHIE

K



RALPH M. NAGAMINE, L.S., P.E.
Development Services Administrator

TRACY TAKAMINE, P.E.
Wastewater Reclamation Division

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

Solid Waste Division

COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
AND ENVIRONMENTAL MANAGEMENT
DEVELOPMENT SERVICES ADMINISTRATION
250 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

November 15, 2005

Mr. Jon Santos
1145 A West Kuiaha Road
Haiku, Hawaii 96708

**SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2005/0140 AND
#MISC 2005/0141
FOR TWO FARM DWELLINGS
LOCATED AT 1145 WEST KUIAHA ROAD, HAIKU, MAUI, HAWAII
TMK: (2) 2-7-012:147**

Dear Mr. Santos:

This is an addendum to the letter dated on November 1, 2005, for miscellaneous inspections on two farm dwellings for a preliminary condominium public report on the subject property.

OTHER COMMENTS:

- MISC #20050141 - Second Farm Dwelling**
After-the-fact building permit #B2005/2522 was issued on November 3, 2005, for enlarging the bedroom/bathroom and front porch addition of the second farm dwelling. The final inspection was completed and passed on November 3, 2005. An after-the-fact electrical permit #E2005/3623 was issued on November 8, 2005, completed and passed final inspection on November 15, 2005.

If you have any questions regarding this letter, please call Darlyn Atay at 270-7250.

Sincerely,

Handwritten signature of Ralph M. Nagamine in black ink.

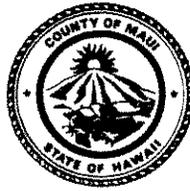
RALPH M. NAGAMINE
Development Services Administrator

sn:da S:\LUCAVALL\PERMITS\SCN\MISC-INS\2005-0140_0141_santos_hrs_addendum_da.wpd
c: Hawaii Real Estate Commission
Planning Department

ALAN M. ARAKAWA
Mayor

MILTON M. ARAKAWA, A.I.C.P.
Director

MICHAEL M. MIYAMOTO
Deputy Director



RALPH M. NAGAMINE, L.S., P.E.
Development Services Administration

TRACY TAKAMINE, P.E.
Wastewater Reclamation Division

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

Solid Waste Division

COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
AND ENVIRONMENTAL MANAGEMENT
DEVELOPMENT SERVICES ADMINISTRATION
250 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

November 1, 2005

Mr. Jon Santos
1145 A West Kuiaha Road
Haiku, Hawaii 96708

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2005/0140 AND
#MISC 2005/0141
FOR TWO FARM DWELLINGS
LOCATED AT 1145 WEST KUIAHA ROAD, HAIKU, MAUI , HAWAII
TMK: (2) 2-7-012:147

Dear Mr. Santos:

This replaces our September 26, 2005, letter, and is regarding your October 19, 2005, response letter for miscellaneous inspections on two farm dwellings for a preliminary condominium public report on the subject property.

- We made a building and electrical inspection on September 21, 2005; a plumbing inspection on September 22, 2005, and found the premises to be in general compliance with applicable codes.

OTHER COMMENTS:

- **MISC #20050140 - Main Farm Dwelling**
We acknowledge your September 28, 2005, and October 19, 2005, letters that the mislabeled "guest room" is to be labeled the non-habitable weight room/storage area, permitted in the Main Farm Dwelling under building permit number B20011190 and issued on June 25, 2001.
- **MISC #20050141 - Second Farm Dwelling**
After-the-fact building permit application B T20053175 was submitted on October 17, 2005, for enlarging the bedroom/bathroom and front porch addition of the second farm dwelling without building permits, and is still in process. After-the-fact building inspections are also required after the building permit has been issued.

November 1, 2005

Mr. Jon Santos

SUBJECT: MISCELLANEOUS INSPECTION #MISC 2005/0140 AND
#MISC 2005/0141
FOR TWO FARM DWELLINGS
LOCATED AT 1145 WEST KUIAHA ROAD, HAIKU, MAUI, HAWAII
TMK: (2) 2-7-012:147

Page 2 of 2

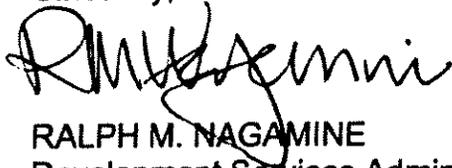
Please contact James Duponte, the Supervising Building Inspector, at 270-7375 if you have any questions regarding the building inspection process.

An after-the-fact electrical permit and electrical inspections are required for work completed without an electrical permit relative to this project. Please contact Greg Nakao, Electrical Engineer IV, at 270-7255 if you have any questions regarding the electrical permit and inspection processes.

- There are no pending building and code appeals, or administrative waivers currently in process for the premises.
- We inspected the driveway on September 20, 2005, and found it to be satisfactory with no drainage problems at this time.
- There are no pending subdivisions on record for the subject parcel.
- Please contact the Planning Department at 270-7735 regarding variances, or whether planning and zoning requirements have been met.

If you have any questions regarding this letter, please call Darlyn Atay at 270-7250.

Sincerely,



RALPH M. NAGAMINE
Development Services Administrator

sn:da S:\LUCA\ALL\PERMITS\SCN\MISC-INS\2005-0140_0141_santos_hrs_2nd_itr_da.wpd
c: Hawaii Real Estate Commission
Planning Department

ALAN M. ARAKAWA
Mayor



RALPH M. NAGAMINE, L.S., P.E.
Development Services Administration

MILTON M. ARAKAWA, A.I.C.P.
Director

TRACY TAKAMINE, P.E.
Wastewater Reclamation Division

MICHAEL M. MIYAMOTO
Deputy Director

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
AND ENVIRONMENTAL MANAGEMENT
DEVELOPMENT SERVICES ADMINISTRATION
250 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

Solid Waste Division

September 26, 2005

Mr. Jon Santos
1145 A West Kuiaha Road
Haiku, Hawaii 96708

**SUBJECT: MISCELLANEOUS INSPECTION #2005/0140 - #2005/0141
FOR TWO FARM DWELLINGS
LOCATED AT 1145 W KUIAHA ROAD, HAIKU, MAUI
TMK: (2) 2-7-012:147**

Dear Mr. Santos:

This is regarding your September 17, 2005, request for miscellaneous inspections on two farm dwellings for a preliminary condominium public report on the subject property.

- We made a building and electrical inspection on September 21, 2005; a plumbing inspection on September 22, 2005, and found the premises to be in general compliance with applicable codes.

OTHER COMMENTS:

- The stated guest room in the Main Farm Dwelling was approved as a non-habitable storage room. The applicant is to submit building permit numbers for the front porch addition and bedroom/bathroom extension for the second farm dwelling for our records, or apply for an after-the-fact building permit. There are no pending building and code appeals, or administrative waivers currently in process for the premises.
- We inspected the driveway on September 20, 2005, and found it to be satisfactory with no drainage problems at this time.
- There are no further or pending subdivisions on record for the subject parcel.

September 26, 2005

Mr. Jon Santos

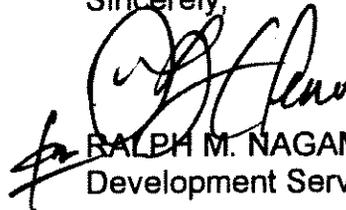
SUBJECT: MISCELLANEOUS INSPECTION #2005/0140 - #2005/0141
FOR TWO FARM DWELLINGS
LOCATED AT 1145 W KUIAHA ROAD, HAIKU, MAUI
TMK: (2) 2-7-012:147

Page 2 of 2

- Please contact the Planning Department at 270-7735 regarding variances, or whether planning and zoning requirements have been met.

If you have any questions regarding this letter, please call Darlyn Atay at 270-7250.

Sincerely,



RALPH M. NAGAMINE
Development Services Administrator

da

S:\LUCAVALL\PERMITS\SCN\MISC-INS\2005-0140_0141_santos_hrs_da.wpd

c: Hawaii Real Estate Commission
Planning Department