

CONDOMINIUM PUBLIC REPORT

Prepared & Issued By:

Developer Mark A. Skinner and Alison J. Ressler, husband and wife
Address 415 Dairy Road, Suite E-319, Kahului, Hawaii 96732

Project Name (\*): Hale Maluhia o Maui Condominium
Address: 98 and 102 Laha'ole Place, Wailuku, Hawaii 96793

Registration No. 5905 (conversion) Effective Date: June 19, 2006 Expiration Date: July 19, 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.
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.

(\* ) 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.

**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 Report:**

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

No prior reports have been issued by the developer

Changes made are as follows:

**SPECIAL ATTENTION**

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

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

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property. Apartment 1 is an existing farm dwelling, and Apartment 2 is an existing 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. In a condominium, all of the land included in the condominium remains a single, unsubdivided 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.
4. The condominium is served by a private water company. Currently there is only one water meter to the Property. Water use for both units will be billed to the Association of Apartment Owners by the Kahakuloa Acres Private Water Company. The Association is responsible for paying said charges and will allocate them among the apartment owners as common expense assessments. The method of allocation shall be by individual use meters ("submeters") apportioning the Company's billings between both apartments by proportionate metered water usage. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection.

5. Each apartment has its own septic disposal system. The location of the system appurtenant to Apartment 1 and the system appurtenant to Apartment 2 are each shown on the Condominium Map. County sewer service is not available. The owner of each apartment shall be responsible for the cost of maintaining, operating and/or replacing said apartment's system. This may include upgrading a system as required by the proper governmental agency from time to time. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of said system.
6. 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, County approval of farm plans shall be required as well as actual ongoing implementation. 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.
7. Recently enacted State law prohibits all restrictions on agricultural uses and activities on agricultural zoned land. Any such restrictions are invalid if created after July, 2003. BUYER UNDERSTANDS THAT ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO BUYER.
8. Under the current zoning ordinance, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1000 square feet or less are permitted, and no other dwellings. Apartment 1 was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded beyond this limitation, and Apartment 2 was designated as the full size farm dwelling. 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.

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: Mark A. Skinner and Alison J. Ressler Phone: (808) 986-8401  
 Name\* (Business)  
415 Dairy Road, Suite E-319  
 Business Address  
Wailuku, Hawaii 96793

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

N/A  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Real Estate Broker\*: Thomas George Delmore Phone: (808) 242-1467  
 dba: Delmore Realty (Business)  
 Name  
1877 Wili Pa Loop, Suite 2  
 Business Address  
Wailuku, Hawaii 96793

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

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

Condominium Managing Agent\*: Self-Managed by the Phone: \_\_\_\_\_  
 Association of Apartment Owners (Business)  
 Name  
 Business Address  
 \_\_\_\_\_

Attorney for Developer: Thomas D. Welch Jr. Phone: (808) 871-8351  
Mancini, Welch & Geiger LLP (Business)  
 Name  
33 Lono Avenue, # 470  
 Business Address  
Kahului, Hawaii, 96732-1681

\* 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:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.	2006-005141	
			Book		Page
<input type="checkbox"/>	Filed -	Land Court:	Document No.		

The Declaration referred to above has been amended by the following instrument [state name of document, date and recording/filing information]: FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF HALE MALUHIA CONDOMINIUM, BYLAWS OF THE HALE MALUHIA CONDOMINIUM ASSOCIATION OF APARTMENT OWNERS AND HALE MALUHIA CONDOMINIUM FILE PLAN, dated March 17, 2006, recorded as Document No. 2006-055891.

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No.	4144	
<input type="checkbox"/>	Filed -	Land Court: Condo Map No.		

The Condominium Map has been amended by the following instrument [state name of document, date and recording/filing information]: FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF HALE MALUHIA CONDOMINIUM, BYLAWS OF THE HALE MALUHIA CONDOMINIUM ASSOCIATION OF APARTMENT OWNERS AND HALE MALUHIA CONDOMINIUM FILE PLAN, dated March 17, 2006, recorded as Document No. 2006-055891.

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.	2006-005142
			Book	Page
<input type="checkbox"/>	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]: FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME OF HALE MALUHIA CONDOMINIUM, BYLAWS OF THE HALE MALUHIA CONDOMINIUM ASSOCIATION OF APARTMENT OWNERS AND HALE MALUHIA CONDOMINIUM FILE PLAN, dated March 17, 2006, recorded as Document No. 2006-055891.

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:

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: 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 owner/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: Note: The County has not approved the subdivision of the units and their limited common elements into individual subdivided lots. They are being sold as condominiums only.

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are 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: 98 and 102 Laha'ole Place Tax Map Key (TMK): (2) 3-1-007-038  
Wailuku, Hawaii 96793

Address  TMK is expected to change because N/A

Land Area: 4.727  square feet  acres(s) Zoning: Agriculture\*

Under the current zoning, Farm Dwelling use is permitted on this property, however, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1,000 square feet or less are permitted, and no other dwellings. Apartment 1 was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded beyond this limitation and Apartment 2 was designated as the full size farm dwelling.

Under HRS Section 205-4.5, each dwelling must be used as accessory to agricultural activities conducted on the land.

Fee Owner: Mark A. Skinner, and  
Alison J. Ressler, husband and wife  
 Name  
415 Dairy Road, Suite E-319  
 Address  
Kahului, Hawaii 96732

Lessor: N/A  
 Name  
 Address

**C. Buildings and Other Improvements:**

1.  New Buildings  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: Apt. 1: 2  
Apt. 2: 2  
 Exhibit A contains further explanations.
3. Principal Construction Materials:  
 Concrete                       Hollow Tile                       Wood  
 Other \_\_\_\_\_
4. Uses Permitted Use by Zoning:

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

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



7. Parking Stalls:

Total Parking Stalls: 4\*

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2*</u>	_____	_____	_____	_____	_____	<u>4*</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>4*</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>4*</u>

Each apartment will have the exclusive use of at least 2\* Parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

\* Each apartment has a two-car garage. Each apartment will also have the right to park in the limited common element appurtenant to said apartment.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming Pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: (i) the shared water meter and any shared waterlines or appurtenances; (ii) the shared water catchment system for irrigation purposes, including but not limited to a water tank, waterlines, gutters, water pump and appurtenances (iii) any shared electrical vault(s), meter(s), lines, conduit and appurtenances; (iv) access rights over and across Lot 51 (48-ft. wide Kaukini Loop roadway lot), Lot 53 (40-ft. wide Laha'ole Place roadway lot) and Lot 54 (Kahekili Highway Road Widening Lot) of the Maluhia Country Ranches Subdivision; (v) any other easements and rights appurtenant to the Property \_\_\_\_\_

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):

All structural components and mechanical and electrical installations are in good condition and in good working order.

11. Conformance to Present Zoning Code:

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>All</u>	_____	_____
Structures	<u>All</u>	_____	_____
Lot	<u>Yes</u>	_____	_____

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

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

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

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

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

- described in Exhibit A.  
 as follows:

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

There are no limited common elements in this project.

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

described in Exhibit A\*.

as follows:

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

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

described in Exhibit \_\_\_\_\_.

as follows: Apartment 1 shall have a 50% undivided interest and Apartment 2 shall have a 50% undivided interest (referred to as the "common interests") in all common elements of the Project and a said same respective share in all common profits and common expenses of the Project and for all other purposes, including voting.

Notwithstanding the allocation of common interests in the preceding paragraph, the common interests for the sole purpose of the ownership of fee simple title to the underlying land (and, therefore, for the allocation of proceeds from the sale or partition of the land upon termination of the condominium or the taking of the land by eminent domain) shall be allocated between the apartments in proportion to the relative value of the land area included within the limited common elements appurtenant to each apartment (determined as if each limited common element were a separate unimproved parcel of land), and not according to the common interests for financial and voting purposes as stated above.

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

Exhibit B describes the encumbrances against the title contained in the title report dated March 30, 2006 and issued by Title Guaranty of Hawaii, Inc.

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 in favor of Mortgage Electronic Registration Systems, Inc., acting solely as nominee for Irwin Mortgage Corporation, an Indiana corporation, in the amount of \$538,000.00, dated September 17, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-206688.	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fee.
Mortgage in favor of Full Spectrum Lending, Inc., a California corporation, in the amount of \$100,000.00, dated October 22, 2003, recorded in said Bureau as Document No. 2003-234298.	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.
Said Mortgage assigned to Countrywide Home Loans, Inc., a New York corporation, dated October 22, 2003, recorded in said Bureau as Document No. 2003-271709.	

**F. Construction Warranties:**

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

1. Building and Other Improvements

There are no warranties.

2. Appliances:

There are no warranties.

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

Apartment 1 was completed in 2003; Apartment 2 was completed in 2001.

H. **Project Phases:**

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

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

**IV. CONDOMINIUM MANAGEMENT**

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

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

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

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

- B. **Estimate of Initial Maintenance Fees:**

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

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

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

- 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\* Electricity only to operate the shared water pump for the water catchment system.

\*The charges shall be divided between the apartment owners based on actual use measured by a sub-meter.

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 C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement Date January 9, 2006  
Exhibit D 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 value of the buyer's apartment or its limited common elements: or (2) the amenities available for the 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 (i) Water Agreement, dated February 27, 1980, recorded in the State of Hawaii Bureau of Conveyances in Liber 14676 at Page 765; (ii) Water Agreement, dated March 24, 1981, recorded in Liber 15445 at Page 611; (iii) Water Agreement, dated December 1, 1981, recorded in Liber 16169 at Page 398; (iv) Subdivision Agreement (Large Lots), dated August 5, 1981, recored in Liber 16422 at Page 209; (v) Subdivision Agreement (Three Lots or Less), dated August 5, 1981, recorded in Liber 16422 at Page 218; (vi) Private Water System Agreement, dated July 22, 1982, recorded in Liber 16501 at Page 635; (vii) Unrecorded water usage and easement agreement, dated September 22, 1983; (viii) Unrecorded easement agreement, dated October 30, 1989; (ix) Unrecorded water usage and easement agreement, effective July 1, 1993, as amended by instrument dated August 6, 1998, recorded as Document No. 98-120042; (x) Agreement for Subdivision Approval, dated January 13, 1995, recorded as Document No. 95-012092; (xi) Private Water System Agreement, dated June 27, 1995, recorded as Document No. 95-087366; (xii) Easement Agreement, effective as of February 27, 1996, recorded as Document No. 96-112892; (xiii) Easement Agreement, effective as of February 22, 1996, recorded as Document No. 97-024711; (xiv) Grant, dated February 3, 1998, recorded as Document No. 98-044388; (xv) Designation of Easement "4", Easement "57" and Easement "58", shown on subdivision map prepared by Bruce R. Lee, Licensed Professional Land Surveyor, dated January 27, 1998, revised March 12, 1998, May 14, 1998, July 31, 1998, August 9, 1999, and September 24, 1999; (xvi) Easement Agreement, dated August 6, 1998, recorded as Document No. 98-120044; (xvii) Subdivision Agreement (Agricultural Use), dated August 7, 1998, recorded as Document No. 98-120045; (xviii) Easement Agreement, dated August 7, 1998, recorded as Document No. 98-120046; (xix) License Agreement, dated August 7, 1998, recorded as Document No. 98-120047; (xx) Agreement for Purchase and Sale of Real Property, dated August 10, 1998, recorded as Document No. 98-120048; (xxi) Declaration of Covenants, Conditions and Restrictions, dated December 3, 1998, recorded as Document No. 98-198304, as amended by instrument dated October 20, 1999, recorded as Document No. 99-175014; (xxii) Warranty Deed, dated March 30, 2000, recorded as Document No. 2000-044619; (xxiii) Agreement relating to fire protection, dated June 20, 2000, recorded as Document No. 2000-099987; (xxiv) Easement Agreement, dated June 27, 2001, recorded as Document No. 2001-113061; (xxv) Easement Agreement, dated June 27, 2001, recorded as Document No. 2001-113062; (xxvi) Agreement for allocation of future subdivision potential, dated May 24, 2002, recorded as Document No. 2002-098845; (xxvii) Easement Agreement, dated January 10, 2003, recorded as Document No. 2003-024245; and (xxviii) Agreement dated March 3, 2003, recorded as Document No. 2003-049243.

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](http://www.capitol.hawaii.gov)  
Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)  
Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5905 filed with the Real Estate Commission on February 3, 2006.

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

YELLOW paper stock       WHITE paper stock       PINK paper stock

C. Additional Information Not Covered Above

1. Water and Fire Protection. The condominium is served by a private water company. Currently there is only one water meter to the Property. Water use for both units will be billed to the Association of Apartment Owners by the Kahakuloa Acres Private Water Company. The Association is responsible for paying said charges and will allocate them among the apartment owners as common expense assessments. The method of allocation shall be by individual use meters ("submeters") apportioning the Company's billings between both apartments by proportionate metered water usage. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection.

2. Mailboxes. There is no mail delivery to the Maluhia Country Ranches Subdivision and therefore no mailboxes for the condominium.

3. Sewer. Each apartment has its own septic disposal system. The location of the system appurtenant to Apartment 1 and the system appurtenant to Apartment 2 are each shown on the Condominium Map. County sewer service is not available. The owner of each apartment shall be responsible for the cost of maintaining, operating and/or replacing said apartment's system. This may include upgrading a system as required by the proper governmental agency from time to time. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of said system.

4. Limitations. Under the current zoning ordinance, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1000 square feet or less are permitted, and no other dwellings. Apartment 1 was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded beyond this limitation, and Apartment 2 was designated as the full size farm dwelling. 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.

5. Maluhia Country Ranches Homeowners Association, Inc. The Property, as defined in the Declaration of Condominium Property Regime of Hale Maluhia Condominium (as amended by instrument dated March 17, 2006, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-055891, amending the name of the condominium to Hale Maluhia o Maui Condominium), is part of the Maluhia Country Ranches Subdivision and subject to the Declaration of Covenants, Conditions and Restrictions for Maluhia Country Ranches Subdivision, dated December 3, 1998, recorded in the State of Hawaii Bureau of Conveyances as Document No. 98-198304, under which the owners of lots are members of the Maluhia Country Ranches Homeowners Association, Inc. The association of apartment owners of Hale Maluhia o Maui Condominium, acting through its board of directors shall represent all unit owners and shall act in all respects as the "Owner" of the Property for all purposes under said CC&R's, including but not limited to receiving and paying, as a common expense of the condominium, all common expense assessments of said Homeowners Association, voting and taking other actions as member of said Homeowners Association and receiving notices as member of said Homeowners Association.

All potential buyers are encouraged to familiarize themselves with said CC&R's. It contains detailed requirements and conditions which shall apply over and above the requirements of the Declaration of Condominium Property Regime of Hale Maluhia o Maui Condominium (as amended), including any rules adopted to section 3.7 of said CC&R's.

6. Design Review. The CC&R's establish design approval requirements and design limitations for all new structures and modifications of existing structures

7. Agreements/Easements on Record. The title is encumbered by several agreements and easements described as items 3-34 on Exhibit B. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL FOR ADDITIONAL INFORMATION.

8. Fire Protection. The property is subject to agreements with the County of Maui acknowledging that the County's fire protection facilities and water supply may be inadequate to protect the buildings in the event of fire. BUYER SHOULD CONSULT AN ENGINEER AND BUYER'S INSURANCE CARRIER IN ORDER TO EVALUATE THE RISKS AFFECTING THIS PROPERTY.

9. Agricultural Uses. 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, County approval of farm plans shall be required as well as actual ongoing implementation. 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.

10. Insurance. Hawaii Law requires that the Association of Apartment Owners carry liability insurance on the entire condominium as a common expense. Buyers are urged to review this requirement with their insurance advisors.

11. Agricultural Restrictions. Recently enacted State law prohibits all restrictions on agricultural uses and activities on agricultural zoned land. Any such restrictions are invalid if created after July, 2003. BUYER UNDERSTANDS THAT ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO BUYER.

12. Zoning and Land Use Violations. In a condominium, all of the land included in the condominium remains a single, unsubdivided 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.

13. Access Easements Crossing the Property. Several other property owners have a pedestrian and vehicular access right over the condominium land, including the asphalt road extending from the end of Laha'ole Place, along the southerly boundary of the property. This access involves a possible risk to the owners of apartments in the condominium of liability for drainage or injury occurring on the property to those using the road. Also, these access rights are not documented in detail and do not require the users to maintain the access way or pay any share of maintenance cost. Buyers are urged to include liability coverage for the access way in their homeowners' liability insurance coverage. Also, Buyers are urged to carry out a program of regular maintenance.

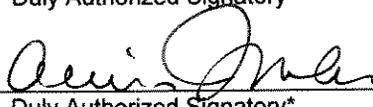
14. Hale Maluhia o Maui. This name is similar to "Hale Maluhia" which is a condominium project on the Island of Hawaii. There is the possibility of confusion in the public's mind. The Association of Apartment Owners should be aware that the similarity of names could result in mistakes such as in service of process in litigation or confusion in the minds of potential purchasers of apartments. Owners of units in the condominium and members of the Association and officers and directors of the Association should be aware of the possibility for such confusion and be prepared to resolve it if and when it arises.

EACH BUYER IS ADVISED TO CONTACT THE APPROPRIATE GOVERNMENT AGENCIES TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY, AND TO CONSULT WITH AN ATTORNEY AND OTHER APPROPRIATE PROFESSIONALS.

- 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.

MARK A. SKINNER and ALISON J. RESSLER

Printed Name of Developer

By:		4/10/2006
	Duly Authorized Signatory*	Date
By:		4/10/2006
	Duly Authorized Signatory*	Date

MARK A. SKINNER and ALISON J. RESSLER: Owner/Developer

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

### HALE MALUHIA O MAUI CONDOMINIUM

#### DESCRIPTION OF BUILDINGS:

The condominium consists of two separate apartments, each of which is a farm dwelling, and also a freestanding barn appurtenant to Apartment 2, which is a limited common element. Each apartment is located on that portion of the land defined on the Condominium File Plan as a limited common element appurtenant to and for the exclusive use of said apartment. Each building is constructed primarily of wood, hollow tile, glass and related materials. Upon expansion, relocation, construction or reconstruction of any apartment by any owner(s) thereof as provided in the Declaration, the modified or new building containing any apartment may be constructed of any other building material meeting applicable building codes, including but not limited to concrete, masonry, plaster, wood, glass or related materials.

#### DESCRIPTION OF APARTMENTS:

The condominium shall consist of two (2) apartments designated Apartment "1" and Apartment "2", with Apartment "1" the southwestern most and Apartment "2" the northeastern most. Each apartment is shown on the Condominium File Plan.

Apartment "1" is a two-story farm dwelling, containing 928 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, living room, closet spaces, porch & balcony (including 1,332 square feet of area) and downstairs garage (including 393 square feet of area).

Apartment "2" is a two-story farm dwelling containing 1,867 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, living room, dining room, loft, nook, foyer, laundry room, closet spaces, entry porch & balcony (including 108 square feet of area), and an attached garage/storage (including 490 square feet of area).

Apartments "1" and "2" each have direct access to the appurtenant limited common element on which the apartment is located, which provides access to a private roadway (Laha'ole Place), which in turn provides access to a private roadway (Kaukini Loop), which in turn provides access to a public road (Kahekili Highway).

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

LOCATION, RELOCATION, AND NUMBERING OF APARTMENTS:

Each apartment is located as shown on the condominium file plan. The apartments are numbered "1" and "2" consecutively from southwest to northeast. As provided in Section K.2. of the Declaration, at the option of the owner(s) of each apartment, said apartment may be relocated to any other location within the limited common element appurtenant to said apartment, and the boundaries of said apartment may be changed, by amendment to the Declaration as provided in Section K.2. of the Declaration; provided however, that (a) all construction in connection therewith shall comply with all applicable zoning and building codes; and (b) no portion of the structure comprising an apartment or other structure shall be constructed outside of the boundaries of the area designated for said unit as its limited common element as shown on the Condominium File Plan, or within any required setbacks.

APPROXIMATE FLOOR AREA OF APARTMENTS:

<u>Apartment</u>	<u>Floor Area</u>
1	928 square feet of living area 1,332 square feet of Porch & Balcony 393 square feet of Garage
2	1,867 square feet of living area 108 square feet of Porch & Balcony 490 square feet of Garage/Storage

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

COMMON ELEMENTS:

The common elements include (i) the land in fee simple; (ii) the shared water meter and any shared waterlines or appurtenances; (iii) the shared water catchment system for irrigation purposes, including but not limited to a water tank, waterlines, gutters, water pump and appurtenances (iv) any shared electrical vault(s), meter(s), lines, conduit and appurtenances; (v) access rights over and across Lot 51 (48-ft. wide Kaukini Loop roadway lot), Lot 53 (40-ft. wide Laha'ole Place roadway lot) and Lot 54 (Kahekili Highway Road Widening Lot) of the Maluhia Country Ranches Subdivision; (vi) any other easements and rights appurtenant to the Property; and (vii) the limited common elements described below. The common elements shall also include any other utility installations serving more than one apartment.

LIMITED COMMON ELEMENTS:

Each apartment has appurtenant to it and for its exclusive use the land described in the condominium file plan as appurtenant thereto. The file plan describes these areas as "Limited Common Element 1" appurtenant to Apartment 1 and "Limited Common Element 2" appurtenant to Apartment 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 file plan. Each limited common element includes the land located underneath the apartment located thereon. Also appurtenant to Apartment "2" is a two-story, freestanding barn including 380 square feet of storage area, 380 square feet of workshop area, and 128 square feet of balcony area, as a limited common element.

EXHIBIT B  
Encumbrances against Title

1. Real Property Taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.
  
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
  
2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : WATER AGREEMENT

DATED : February 27, 1980  
RECORDED : Liber 14676 Page 765  
PARTIES : COUNTY OF MAUI, DEPARTMENT OF WATER SUPPLY,  
a political subdivision of the State of  
Hawaii, and EDGAR D. KERR (married), husband  
of Ingrid L. Kerr

This agreement is with the County of Maui, through its Department of Water Supply. The owner of the land was seeking to construct a structure, however because the land was utilizing a private water system, and in order for the Department of Water Supply to approve the building permit, the owner had to sign this agreement which, among other things, indemnified the County of Maui from any and all liability and claims resulting from lack of county water service or fire protection to the land. This agreement runs with the land and is applicable to all heirs, assigns, lienors, mortgagees, and successors in interest of the lot, or portion thereof.

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

INSTRUMENT : WATER AGREEMENT

DATED : March 24, 1981  
RECORDED : Liber 15445 Page 611  
PARTIES : WALTER C. WITTE and EDGAR KERR, General  
Partners of Kahakuloa Acres, a Hawaii  
limited partnership, and HY HUNTER, husband  
of Gisela Hunter

-Note:- The 10-year option, in favor of HY HUNTER, to obtain water from the premises described in Schedule C has since expired.

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

INSTRUMENT : WATER AGREEMENT

DATED : December 1, 1981  
RECORDED : Liber 16169 Page 398  
PARTIES : COUNTY OF MAUI, DEPARTMENT OF WATER SUPPLY, a political subdivision of the State of Hawaii, and KAHAKULOA ACRES, a limited partnership

This agreement, with the County of Maui, through its Department of Water Supply, grants subdivision approval from said Department, on the understanding that the County is not responsible to provide water or fire protection to the property and the County is indemnified from any and all liability and claims resulting from lack of county water service or fire protection to the property. This agreement runs with the land and is applicable to all heirs, assigns, lienors, mortgagees, and successors in interest of the lot, or portion thereof.

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

INSTRUMENT : SUBDIVISION AGREEMENT (LARGE LOTS)

DATED : August 5, 1981  
RECORDED : Liber 16422 Page 209  
PARTIES : KAHAKULOA ACRES, a limited partnership, and COUNTY OF MAUI

This agreement with the County of Maui grants the right to subdivide the property described as TMK (2) 3-1-001-003 into three large lots, and among other things, defers certain improvements until a later date, and also restricts the number of dwellings that may be built per lot.

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

INSTRUMENT : SUBDIVISION AGREEMENT (THREE LOTS OR  
LESS)  
  
DATED : August 5, 1981  
RECORDED : Liber 16422 Page 218  
PARTIES : KAHAKULOA ACRES, a limited partnership, and  
COUNTY OF MAUI

This agreement with the County of Maui grants the right to subdivide the property described as TMK (2) 3-1-001-003 into 3 lots or less, and among other things, defers roadway improvements until a later date.

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

INSTRUMENT : PRIVATE WATER SYSTEM AGREEMENT  
  
DATED : July 22, 1982  
RECORDED : Liber 16501 Page 635  
PARTIES : DEPARTMENT OF WATER SUPPLY, COUNTY OF MAUI,  
and KAHAKULOA ACRES, a limited partnership

This agreement is with the County of Maui, through its Department of Water Supply. The owner of the land was seeking to construct a storage structure, however because the land was utilizing a private water system, and in order for the Department of Water Supply to approve the building permit, the owner had to sign this agreement, which, among other things, indemnified the County of Maui from any and all liability and claims resulting from lack of county water service or fire protection to the land. This agreement runs with the land and is applicable to all heirs, assigns, lienors, mortgagees, and successors in interest of the lot, or portion thereof.

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

INSTRUMENT : UNRECORDED WATER USAGE AND EASEMENT  
AGREEMENT  
DATED : September 22, 1983  
PARTIES : KAHAKULOA ACRES, a Hawaii limited  
partnership, and EARNEST R. MENDES

-Notes:- The interests under this Water Usage and Easement Agreement of Ernest R. Mendes, Individually, and of some but not all signatories thereto have been released by reason of that certain EASEMENT AGREEMENT dated February 22, 1996, recorded as Document No. 97-024711, between KAHAKULOA ACRES, a Hawaii limited partnership, and ERNEST R. MENDES, et al.

The terms of this Water Usage and Easement Agreement as applicable to the remaining interest held by Manuel "Curly" Mendes and Cynthia Mendes, (hereinafter referred to as "Mendes") are further subject to the provisions of a Settlement and Interpretation Agreement, if and when approved by Kahakuloa Acres and filed with the Circuit Court, between Kahakuloa Acres and Mendes, pursuant to which the following or similar provisions shall apply to improvements constructed over or within the easement area after the date thereof:

"In the event of the construction of any driveway, wall or similar permanent improvement which is constructed within any individual lot (which is not a roadway lot), which improvement passes over the Mendes pipeline properly located within the designated easement area, then in the event that the pipeline is visible at the time of construction, or the location of the pipeline, below ground, is verified by Mendes, then a concrete bridge-like structure or similar structure shall be constructed above the pipeline in a form and manner selected by the respective property owner at that time, such that an open space shall exist above the pipeline (measured on a vertical line from the top of the pipeline to the perpendicular point of the concrete bridge or other structure) of not less than 30 inches, and further that such space shall have a width, measured at the bottom side of the concrete bridge or other structure, of not less than 40 inches.

Provided further, that, in the case of installation of any electrical lines which traverse the easement area and thereby cross the Mendes water line, said electrical lines shall, at the point of intersection with the Mendes water line, be located above the waterline, with adequate clearance and with adequate insulating protection to comply with the requirements of the County of Maui, Department of Public Works and Waste Management building code and construction safety standards."

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

INSTRUMENT : UNRECORDED EASEMENT AGREEMENT

TO : NED NAKOA and MILDRED NAKOA  
DATED : October 30, 1989  
RE : Pipeline Easement Area A and Pipeline Easement Area B

A Short Form of said Agreement is dated January 15, 1993, recorded as Document No. 93-020689.

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

INSTRUMENT : UNRECORDED WATER USAGE AND EASEMENT AGREEMENT

DATED : Effective July 1, 1993  
PARTIES : NOBRIGA RANCH, INC., a Hawaii corporation, DAVID NOBRIGA and BARBARA NOBRIGA, husband and wife, and KAHAKULOLOA ACRES, a Hawaii limited partnership

Said Agreement was amended by instrument dated August 6, 1998, recorded as Document No. 98-120042.

The interest of KAHAKULOLOA ACRES, a Hawaii limited partnership, was assigned to KAHAKULOLOA ACRES PRIVATE WATER COMPANY, INC., a Hawaii nonprofit corporation by ASSIGNMENT OF WATER USAGE AND EASEMENT AGREEMENT dated August 6, 1998, recorded as Document No. 98-120043. Consent thereto given by NOBRIGA RANCH, INC., a Hawaii corporation, DAVID NOBRIGA and BARBARA NOBRIGA, husband and wife.

This agreement describes those variables (including the landowners involved, easements needed and permits needed) necessary to create a water system for potable use, and the eventual transfer of said system to a private water company, which transfer was accomplished with Document No. 98-120043.

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

INSTRUMENT : AGREEMENT FOR SUBDIVISION APPROVAL

DATED : January 13, 1995  
RECORDED : Document No. 95-012092  
PARTIES : KAHAKULOA HO'ONANI ESTATE VENTURE, a Hawaii general partnership, KAHAKULOA ACRES, a Hawaii limited partnership, and the COUNTY OF MAUI, through its Department of Public Works and Waste Management

This agreement with the County of Maui, through its Department of Public Works and Waste Management, grants approval of a subdivision of TMK (2) 3-1-001-036, on the condition, among other things, that the main roadway going through the proposed subdivision will connect to a neighboring proposed roadway that then in turns loops back to a public Highway, in order that the County's rule governing the maximum length of a roadway cul-de-sac within an agricultural subdivision may be waived.

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

INSTRUMENT : PRIVATE WATER SYSTEM AGREEMENT

DATED : June 27, 1995  
RECORDED : Document No. 95-087366  
PARTIES : KAHAKULOA ACRES, a Hawaii limited partnership, and the BOARD OF WATER SUPPLY, COUNTY OF MAUI

This agreement with the County of Maui, through its Department of Water Supply, grants subdivision approval of the subject property on the condition that the County is not required to provide any of the existing or proposed lots with water service or fire protection, and all subsequent owners, lienors, mortgagees, successors in interest, and assigns of the property, or any lot derived therefrom will indemnify the County of Maui from all claims that may arise due to lack of water service or fire protection.

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

INSTRUMENT : EASEMENT AGREEMENT

DATED : effective as of February 27, 1996

RECORDED : Document No. 96-112892

PARTIES : KAHAKULOA ACRES, a Hawaii limited partnership, and JAMES BENDON and SUSAN BENDON, husband and wife, JAMES A. BENDON, Trustee of the James A. Bendon Revocable Trust Agreement dated September 21, 1981, and SUSAN K. BENDON, Trustee of the Susan K. Bendon Revocable Trust Agreement dated September 21, 1981

RE : to facilitate installation and maintenance of the water pipeline; this Easement Agreement shall revoke that certain Easement Agreement dated October 1, 1991

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

INSTRUMENT : EASEMENT AGREEMENT

DATED : Effective as of February 22, 1996

RECORDED : Document No. 97-024711

PARTIES : KAHAKULOA ACRES, a Hawaii limited partnership, ERNEST R. MENDES, ERNEST R. MENDES, JR. and JEANIE MENDES, husband and wife, ERNEST MENDES and JANE G. MENDES, husband and wife, ANTHONY J. RODRIGUES and IRENE G. RODRIGUES, husband and wife, JAMES MENDES, husband of Katherine Kapuahaunani Mendes, FLOYD E. WEAVER and BEVERLY WEAVER, husband and wife, and MANUEL R. MENDES and CYNTHIA D. MENDES, husband and wife

RE : transmission of water to the Mendes' property

-Note:- MANUEL R. MENDES and CYNTHIA D. MENDES were not signatories to the above-referenced Agreement.

The foregoing Agreement revokes that certain Easement Agreement dated September 22, 1983 as to the signatories hereto.

15. GRANT

TO : MAUI ELECTRIC COMPANY, LIMITED and GTE  
HAWAIIAN TELEPHONE COMPANY INCORPORATED, now  
known as HAWAIIAN TELCOM, INC.

DATED : February 3, 1998  
RECORDED : Document No. 98-044388  
GRANTING : a perpetual right and non-exclusive easement  
for utility purposes as shown on the map  
attached thereto

This grants Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, a perpetual non-exclusive easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and underground power lines and appurtenances as may be necessary for the transmission of electricity, with the right to maintain the easement area, including trimming trees, and a right of entry upon Grantor's property for the construction of said lines and appurtenances. This easement is a "blanket easement" which encumbers the entire subdivision.

16. DESIGNATION OF EASEMENT "4" (32 feet wide)

PURPOSE : access and utility  
SHOWN : on subdivision map prepared by Bruce R. Lee, Licensed Professional Land Surveyor with Newcomer-Lee Land Surveyors, Inc., dated January 27, 1998, revised March 12, 1998, May 14, 1998, July 31, 1998, August 9, 1999, and September 24, 1999, and being more particularly described as follows:

All of that certain parcel of land, being Easement 4 (32-foot wide for access and utility purposes) over, under and across Lot 38 of the Maluhia Country Ranches (File Plan pending), being a portion of Grant 4982 to J.W.L. Marshall, situated at Waiokila, Makalua, Kahakuloa, Island and County of Maui, State of Hawaii and being more particularly described as follows:

Beginning at the south corner of this easement, on the northwesterly boundary of Lot 21 of said Maluhia Country Ranches (File Plan pending), said point also being the south corner of Lot 38 and the east corner of Lot 24 of said Maluhia Country Ranches (File Plan pending), the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAHAKULOA" being:

14,438.80 feet South  
1,097.15 feet East

and running by azimuths measured clockwise from true South:

1. 140° 05' 00" 32.56 feet along said Lot 24 of the Maluhia Country Ranches (File Plan pending) and along the remainder of said Grant 4982 to J.W.L. Marshall;
2. 219° 27' 00" 151.03 feet along the remainders of said Lot 38 of the Maluhia Country Ranches (File Plan pending) and Grant 4982 to J.W.L. Marshall;

Thence along same on the arc of a curve to the right, concave southeasterly with a radius of 182.00 feet, the chord azimuth and distance being:

3. 243° 45' 30" 149.84 feet;
4. 268° 04' 00" 41.81 feet along said Lot 24 of the Maluhia Country Ranches (File Plan pending) and along the remainder of said Grant 4982 to J.W.L. Marshall to a point on the east boundary of Lot 53 (40-foot wide Laha'ole Place roadway lot) of said Maluhia Country Ranches (File Plan pending);

Thence along said Lot 53 (40-foot wide of Laha'ole Place roadway lot) of the Maluhia Country Ranches (File Plan pending) and along the remainder of said Grant 4982 to J.W.L. Marshall, on the arc of a curve to the left, concave easterly with a radius of 43.00 feet, the chord azimuth and distance being:

5. 358° 45' 59" 37.82 feet to a 3/4-inch pipe at the northeasterly corner of Lot 21 of said Maluhia Country Ranches (File Plan pending);

Thence along said Lot 21 of the Maluhia Country Ranches (File Plan pending) and along the remainder of said Grant 4982 to J.W.L. Marshall, on the arc of a curve to the left, concave southeasterly with a radius of 150.00 feet, the chord azimuth and distance being:

6. 71° 45' 27" 160.34 feet to a 3/4-inch pipe;
7. 39° 27' 00" 157.04 feet along said Lot 24 of the Maluhia Country Ranches (File Plan pending) and along the remainder of said Grant 4982 to J.W.L. Marshall to the point of beginning and containing an area of 10,737 square feet or 0.246 acre, more or less.

17. DESIGNATION OF EASEMENT "57"

PURPOSE : water utility  
SHOWN : on subdivision map prepared by Bruce R. Lee, Licensed Professional Land Surveyor with Newcomer-Lee Land Surveyors, Inc., dated January 27, 1998, revised March 12, 1998, May 14, 1998, July 31, 1998, August 9, 1999, and September 24, 1999, and being more particularly described as follows:

All of that certain parcel of land, being Easement 57 (for water utility purposes) over, under and across Lot 38 of the Maluhia Country Ranches (File Plan pending), being a portion of Grant 4982 to J.W.L. Marshall, situated at Waiokila, Makalua, Kahakuloa, Island and County of Maui, State of Hawaii and being more particularly described as follows:

Beginning at the southeast corner of this easement, on the easterly boundary of Lot 53 (40-foot wide Laha'ole Place roadway lot) of said Maluhia Country Ranches (File Plan pending), said point of being 178° 45' 59" 37.82 feet from the north corner of Lot 21 of the Maluhia Country Ranches (File Plan pending), the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAHAKULOA" being:

14,247.63 feet South  
1,387.42 feet East

and running by azimuths measured clockwise from true South:

1. 88° 04' 00" 41.81 feet along the remainders of said Lot 38 of the Maluhia Country Ranches (File Plan pending) and said Grant 4982 to J.W.L. Marshall;

Thence along same on the arc of a curve to the left, concave southerly with a radius of 182.00 feet, the chord azimuth and distance being:

2. 83° 04' 00" 31.72 feet;
3. 168° 04' 00" 20.00 feet along the remainders of said Lot 38 of the Maluhia Country Ranches (File Plan pending) and said Grant 4982 to J.W.L. Marshall;

Thence along same on the arc of a curve to the right, concave southerly with a radius of 202.00 feet, the chord azimuth and distance being:

4. 270° 32' 23" 87.26 feet to a point on the easterly boundary of said Lot 53 (40-foot wide Laha'ole Place roadway lot) of the Maluhia Country Ranches (File Plan pending);

Thence along said Lot 53 (40-foot wide Laha'ole Place roadway lot) of the Maluhia Country Ranches (File Plan pending) and along the remainder of said Grant 4982 to J.W.L. Marshall, on the arc of a curve to the left, concave southeasterly with a radius of 43.00 feet, the chord azimuth and distance being:

5. 36° 03' 11" 16.70 feet to the point of beginning and containing an area of 1,517 square feet or 0.035 acre, more or less.

18. DESIGNATION OF EASEMENT "58"

PURPOSE : waterline  
SHOWN : on subdivision map prepared by Bruce R. Lee,  
Licensed Professional Land Surveyor with  
Newcomer-Lee Land Surveyors, Inc., dated  
January 27, 1998, revised March 12, 1998,  
May 14, 1998, July 31, 1998, August 9, 1999,  
and September 24, 1999, and being more  
particularly described in Document No. 2000-  
044619

19. EASEMENT AGREEMENT

TO : KAHAKULOA ACRES, a Hawaii limited  
partnership  
  
DATED : August 6, 1998  
RECORDED : Document No. 98-120044  
GRANTING : a non-exclusive easement three (3) feet  
wide, to place and connect to one water  
pipeline, etc., located approximately as  
depicted on maps attached thereto, in favor  
of Lot 1-C.

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

INSTRUMENT : SUBDIVISION AGREEMENT (AGRICULTURAL USE)  
  
DATED : August 7, 1998  
RECORDED : Document No. 98-120045  
PARTIES : KAHAKULOA ACRES, a Hawaii limited  
partnership and COUNTY OF MAUI, through its  
Department of Public Works and Waste  
Management

This requires all uses of the property to comply with  
state and county land use laws limiting the use of the  
property to specified agricultural uses.

21. EASEMENT AGREEMENT

TO : DAVID NOBRIGA and BARBARA NOBRIGA, husband  
and wife, and NOBRIGA RANCH, INC., a Hawaii  
corporation

DATED : August 7, 1998  
RECORDED : Document No. 98-120046  
GRANTING : a perpetual non-exclusive easement solely and specifically for vehicular, animal and pedestrian ingress and egress purposes from Kahekili Highway to the Grantee's Lease Property, over and across Lot 53 (Laha'ole Place), Lot 51 (Kaukini Loop) and Easements "4", "5" and "7", as depicted on map attached thereto.

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

INSTRUMENT : LICENSE AGREEMENT

DATED : August 7, 1998  
RECORDED : Document No. 98-120047  
PARTIES : KAHAKULOA ACRES, a Hawaii limited partnership, "Owner", and KAHAKULOA ACRES, a Hawaii limited partnership, "Licensee"  
RE : non-exclusive license for the purpose of providing pedestrian, horseback and vehicular access for the benefit of Lot 1-C, to the state forest reserve adjoining the Owner's property, over and across a portion of the said Owner's property containing a width of ten (10) feet and located approximately as depicted on the maps attached thereto.

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

INSTRUMENT : AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

DATED : August 10, 1998  
RECORDED : Document No. 98-120048  
PARTIES : KAHAKULOA ACRES, a Hawaii limited partnership, "Seller" and KAHAKULOA MAUI ASSOCIATES, LLC, a Hawaii limited liability company, "Buyer"

This purchase agreement outlines the terms of the sale of the property described as TMK (2) 3-1-1-3, between Kahakuloa Acres, a Hawaii limited partnership (Seller) and Kahakuloa Maui Associates, LLC, a Hawaii limited liability company (Buyer). This affected the development tract as a whole and does not affect this condominium specifically.

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

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS

DATED : December 3, 1998  
RECORDED : Document No. 98-198304

Said Declaration was amended by instrument dated October 20, 1999, recorded as Document No. 99-175014.

The Property, as defined in the Declaration of Condominium Property Regime of Hale Maluhia Condominium (as amended by instrument dated March 17, 2006 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-055891, changing the name of the condominium to Hale Maluhia o Maui), is part of the Maluhia Country Ranches Subdivision and subject to the Declaration of Covenants, Conditions and Restrictions for Maluhia Country Ranches Subdivision, dated December 3, 1998, recorded in the State of Hawaii Bureau of Conveyances as Document No. 98-198304, under which the owners of lots are members of the Maluhia Country Ranches Homeowners Association, Inc. The association of apartment owners of Hale Maluhia o Maui Condominium, acting through its board of directors shall represent all unit owners and shall act in all respects as the "Owner" of the Property for all purposes under said CC&R's, including but not limited to receiving and paying, as a common expense of the condominium, all common expense assessments of the Maluhia Association, voting and taking other actions as member of the Maluhia Association and receiving notices as member of the Maluhia Association.

All potential buyers are encouraged to familiarize themselves with said CC&R's. It contains detailed requirements and conditions which shall apply over and above the requirements of the Declaration of Condominium Property Regime of Wailola'i Condominium. These requirements and conditions include the following (which is not intended to be a comprehensive list):

- (a) The Maluhia Association maintains and insures all Common Areas of the subdivision, including all roads, landscaping, irrigation and Common Area utilities.
- (b) The Maluhia Association has reserved the right to designate and grant certain easements over the Common Areas of the subdivision.
- (c) The Maluhia Association has the power to adopt rules and regulations to govern the use and protection of the Common Areas.
- (d) All common expenses are assessed to each Lot in the subdivision, as regular, and special assessments, and the Maluhia Association has the right to enforce and collect such assessments by means of lien rights.
- (e) The Property is subject to restrictive covenants, including limitation on use, rental terms, numbers of dwellings, rezoning, placement of utilities, site work, parking setbacks, design of buildings and landscaping, and the delineation and required active agricultural fencing and use of a designated "Agricultural Area" on the Property.
- (f) Owners and occupants of the Property waive all claims for agricultural nuisances.

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

INSTRUMENT : WARRANTY DEED  
DATED : March 30, 2000  
RECORDED : Document No. 2000-044619

This was a former Warranty Deed granting the fee simple interest in the subject property to Developer, and includes the description of the property and any encumbrances on title.

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

INSTRUMENT : AGREEMENT RELATING TO FIRE PROTECTION  
DATED : June 20, 2000  
RECORDED : Document No. 2000-099987  
PARTIES : MARK A. SKINNER and ALISON J. RESSLER,  
husband and wife, and COUNTY OF MAUI

This waives any claims which the landowner may have against the County of Maui for damages resulting from the County's failure to provide adequate fire protection to the property.

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

INSTRUMENT : EASEMENT AGREEMENT

DATED : June 27, 2001  
RECORDED : Document No. 2001-113061  
PARTIES : KAHAKULOA MAUI ASSOCIATES LLC, a Hawaii limited liability company, and KAHAKULOA ACRES PRIVATE WATER COMPANY, INC., a Hawaii nonprofit corporation

This is an easement for waterline and appurtenances on the property.

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

INSTRUMENT : EASEMENT AGREEMENT

DATED : June 27, 2001  
RECORDED : Document No. 2001-113062

PARTIES : KAHAKULOA MAUI ASSOCIATES LLC, a Hawaii limited liability company, and THE MALUHIA COUNTRY RANCHES HOMEOWNERS ASSOCIATION, INC., a Hawaii non-profit corporation

In this agreement Kahakuloa Maui Associates LLC, as Developer of the Maluhia Country Ranches Subdivision, is granting certain easements to the Maluhia Country Ranches Homeowners' Association for the benefit of the subdivision as a whole.

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

INSTRUMENT : AGREEMENT FOR ALLOCATION OF FUTURE SUBDIVISION POTENTIAL

DATED : May 24, 2002  
RECORDED : Document No. 2002-098845  
PARTIES : MARK A. SKINNER and ALISON J. RESSLER, husband and wife, and MARTIN W. QUILL and KAREN B. QUILL, husband and wife, and COUNTY OF MAUI

This requires the determination of the maximum number of future lots that may be created from each new lot created by the subject Subdivision, based on the sliding scale rule applicable to land zoned agriculture.

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

INSTRUMENT : EASEMENT AGREEMENT

DATED : January 10, 2003  
RECORDED : Document No. 2003-024245  
PARTIES : MARK A. SKINNER and ALISON J. RESSLER,  
husband and wife, and MARTIN W. QUILL and  
KAREN B. QUILL, husband and wife

This is an easement permitting pedestrian access across the property, at its north end.

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

INSTRUMENT : AGREEMENT

DATED : March 3, 2003  
RECORDED : Document No. 2003-049243  
PARTIES : MARTIN W. QUILL and KAREN B. QUILL, husband  
and wife, and MARK A. SKINNER and ALISON J.  
RESSLER, husband and wife

RE : that the agreements and promises between  
both parties with respect to Lot 38-A and  
39-B-1 run with the land and be binding on  
their successors and assigns

32. MORTGAGE

MORTGAGOR : MARK A. SKINNER and ALISON J. RESSLER,  
husband and wife

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS,  
INC., acting solely as nominee for IRWIN  
MORTGAGE CORPORATION, an Indiana corporation

DATED : September 17, 2003  
RECORDED : Document No. 2003-206688  
AMOUNT : \$538,000.00

33. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

LOAN/ACCOUNT NO. 0004172016510003

MORTGAGOR : MARK A. SKINNER AND ALISON J. RESSLER

MORTGAGEE : FULL SPECTRUM LENDING, INC., a California corporation

DATED : October 22, 2003  
RECORDED : Document No. 2003-234298  
AMOUNT : \$100,000.00

ABOVE MORTGAGE ASSIGNED

TO : COUNTRYWIDE HOME LOANS, INC., a New York corporation

DATED : October 22, 2003  
RECORDED : Document No. 2003-271709

34. Pending Civil No. 04-1-0127 filed in the Second Circuit Court, State of Hawaii; JOHN F. HENDRY, "Plaintiff", vs. MALUHIA COUNTRY RANCHES ET AL., "Defendant"; re: L38, 20, 53, Breach of setback requirement into L21.

Each apartment shall be released from this encumbrance at or before closing of the sale of said apartment by the Developer.

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "HALE MALUHIA CONDOMINIUM" CONDOMINIUM PROJECT

DATED : January 3, 2006  
RECORDED : Document No. 2006-005141  
MAP : 4144 and any amendments thereto

Said Declaration was amended by instrument dated March 17, 2006, recorded as Document No. 2006-055891; Re: the Name of the condominium is hereby changed from "Hale Maluhia" to "HALE MALUHIA O MAUI".

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF  
APARTMENT OWNERS

DATED : January 3, 2006  
RECORDED : Document No. 2006-005142

Said Bylaws were amended by instrument dated March 17, 2006, recorded as Document No. 2006-055891; Re: the Name of the condominium is hereby changed from "Hale Maluhia" to "HALE MALUHIA O MAUI".

EXHIBIT C

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	\$130.00 per month x 12 = \$1560.00 per year
B	\$130.00 per month x 12 = \$1560.00 per year

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

**Estimate of Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only (water pump, catchment system) \$20.00/month x 12 months = \$240.00  
 common elements and apartments

Elevator

Gas

common elements only  
 common elements and apartments

Refuse Collection

Telephone

Water(†)

\$40.00/month x 12 months = \$480.00

Maintenance, Repairs and Supplies

Building

Grounds

Common water lines and appurtenances (drinking)

\$5.00/month x 12 months = \$60.00

Common water catchment system (irrigation)

\$5.00/month x 12 months = \$60.00

Common electrical vault(s) and appurtenances

\$5.00/month x 12 months = \$60.00

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Liability Insurance premiums

\$150.00/month x 12 months = \$1800.00

Reserves(\*)

Replace common water lines and appurtenances (drinking)

\$10.00/month x 12 months = \$120.00

Replace common water catchment system (irrigation)

\$10.00/month x 12 months = \$120.00

Replace common electrical vault(s) and appurtenances

\$5.00/month x 12 months = \$60.00

Taxes and Government Assessments

Audit Fees

\$10.00/month x 12 months = \$120.00

Other

TOTAL

\$260.00/month x 12 months = \$3120.00

I, the undersigned condominium developer for the Hale Maluhia o Maui 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.

  
\_\_\_\_\_  
MARK A. SKINNER

(Signature)

4/10/2006  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
ALISON J. RESSLER

(Signature)

4/10/2006  
\_\_\_\_\_  
Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

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

(†) Water use will be metered and billed based on actual amounts used by each apartment.

ATTACHMENT 1 TO 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.

Upon its formation, the Association should conduct a replacement reserve study for (i) the common water meter, waterlines and appurtenances, (ii) the common water catchment system, and (iii) the common electrical vaults and appurtenances.

## EXHIBIT D

### SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

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

- a. The total purchase price, method of payment and additional sums which must be paid in connections with the purchase of an apartment.
- b. That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Deposit Receipt and Sales Contract.
- c. That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.
- d. That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- e. Requirements relating to the purchaser's financing of the purchase of an apartment.
- f. That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- g. That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.
- h. That the Project may be subject to ongoing sales activities which may result in certain annoyances to the purchaser.
- i. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

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

## EXHIBIT E

### SUMMARY OF ESCROW AGREEMENT

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

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

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