

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer GREGORY MICHAEL OWENS and BERNADETTE MARIE OWENS
Business Address P. O. Box 11286, Lahaina, Hawaii 96761

Project Name (*): KALAHEO CONDOMINIUM
Address: 25 Haniu Street, Lahaina, Hawaii 96761

Registration No. 5979

Effective date: June 9, 2009

Expiration date: Non-expiring pursuant to §514A-43(b), HRS

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.

No prior reports have been issued.

This report supersedes all prior public reports.

This report must be read together with _____

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

Preliminary Public Report dated: _____

Final Public Report dated: May 1, 2006

Supplementary Public Report dated: _____

And Supersedes all prior public reports.

Must be read together with Final Public Report dated May 1, 2006

This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. Destruction of Apartment B. Apartment B described on pages 10 and 11 of the May 1, 2006 Report was structurally damaged by a recent storm. The roof of Apartment B collapsed and caused the structure to be a serious safety hazard and was removed from the property. The Developer has not restored Apartment B as described in the Declaration and as shown on the Condominium Map. Upon restoration or alteration of Apartment B, the owner of Apartment B is required under the Declaration to amend the Declaration and Condominium Map to describe the new or restored building.

2. Supplementary Public Report to Cover Sale of Apartment B. The Final Public Report effective May 1, 2006, was issued for the sale of Apartment A only. Apartment B could not be offered for sale prior to March 2007 since the law covering the sale of property improved by an owner-builder requires at least one year to have elapsed from completion of the improvement before it can be offered for sale. The Final Public Report required the Developer to obtain an effective date for a Supplementary Public Report covering the sale of Apartment B. It is the Developer's intention that this Supplementary Public Report, as noted on page 19, shall be used for the sale of Apartment A and Apartment B.

3. Disclosure Regarding Selection of Real Estate Broker. The Developer has selected Sakamoto Properties, a Hawaii licensed real estate broker, as the broker for the sale of Apartment A and Apartment B. See pages 5 and 18. A copy of the executed Sales Broker Listing Agreement is submitted with this Supplementary Public Report.

4. Maintenance Fees. There has been a change to the estimated initial maintenance fees as further described in Exhibit D attached hereto and made a part hereof. See pages 22, 23 and 23a.

5. Attorney for Developer. The name of the law firm for the Attorney for Developer has changed to "KAREN TEMPLE Attorney at Law LLLC," but the address and phone number remain unchanged. See page 5.

6. Additional Information. Paragraphs 15 and 16 on pages 20, 20A and 20B attached have been revised consistent with the explanations in Paragraphs 1 and 2 above and to update insurance requirements (see Paragraph 8).

7. Encumbrances Against Title. The attached page 14 reflects that title was updated as of February 25, 2009, and that there are no changes.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: GREGORY MICHAEL OWENS and
BERNADETTE MARIE OWENS Phone: (808) 661-6870
Name* (Business)
P. O. Box 11286
Business Address
Lahaina, Hawaii 96761

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

Real Estate Broker*: SAKAMOTO PROPERTIES LIMITED Phone: (808) 870-7735
Name (Business)
5095 Napilihau Street #203
Business Address
Lahaina, Hawaii 96761

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: (808) 661-8715
Name (Business)
3350 L. Honoapiilani Road, Suite 111
Business Address
Lahaina, Hawaii 96761

General Contractor*: CHEROKEE CONSTRUCTION, INC. Phone: (808) 661-0779
Name (Business)
701 Kai Hele Ku Street
Business Address
Lahaina, Hawaii 96761

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

Business Address

Attorney for Developer: KAREN TEMPLE Attorney at Law LLLC Phone: (808) 244-8222
Name (Business)
24 North Church Street, Suite 200
Business Address
Wailuku, Hawaii 96793

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

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 B .

as follows:

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

described in Exhibit _____.

as follows:

To assure a fair balance in association management, common interest is allocated equally between the two apartments. Each Apartment shall have appurtenant thereto an equal undivided 50% interest in the common elements of the Project.

However, for purposes of determining the proportionate ownership of the land appurtenant to each apartment as tenants in common in the event of condemnation of all or a portion of the land or in the event of termination of the condominium, such allocations shall be made in the following percentages:

18.69% appurtenant to Apartment A; and
81.31% appurtenant to Apartment B.

The interest in the common elements, and any limited common elements and easements, appurtenant to each unit shall have a permanent character, shall not be separated from such unit and shall be deemed to be conveyed or encumbered with such unit even though not expressly mentioned or described in the conveyance or other instrument.

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 C describes the encumbrances against the title contained in the title report dated February 25, 2009 and issued by TITLE GUARANTY OF HAWAII, INCOPORATED.

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 E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated February 15, 2006
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
- Other Sales Broker Listing Agreement

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Makila Plantation Declaration of Covenants, Conditions and Restrictions dated May 10, 2002; Amendments dated September 16, 2003, November 6, 2003, November 18, 2003, and June 21, 2004;
Private Water System Agreement dated September 29, 1992;
Declaration of Covenants, Conditions, Easements, Reservations and Restrictions dated May 28, 1999;
Subdivision Agreements (Agricultural Use) dated June 18, 1992;
Limited Warranty Deed and Reservation of Rights dated January 16, 2001;
Kauaula Water System Agreement dated January 16, 2001;
Declaration of Non-Exclusive Perpetual Easements for Roadway Purposes (Roads Within Makila Plantation Subdivision) dated May --, 2002;
Warranty Deed dated August 28, 2002;
Unilateral Agreement and Declaration for Construction of A Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District dated June 9, 2004

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

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

This Public Report is a part of Registration No. 5979 filed with the Real Estate Commission on _____.

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. **Limitations.** Attention is drawn to the fact that, under Maui County zoning and building codes, only one full size farm dwelling and one farm dwelling with a living area of 1,000 square feet or less are permitted. Apartment A is designated as the apartment which is subject to the 1,000 square feet limitation, and may not be expanded unless (i) the owner(s) of Apartment B gives his or her or their prior written consent; or (ii) a dwelling with a larger area may be constructed under applicable zoning and building codes and laws without adversely affecting the ability of Apartment B to build or remodel; or (iii) Apartment A exceeding 1,000 square feet of living area is maintained, repaired or replaced as a permitted "non-conforming" use or structure under the applicable zoning and building codes and laws. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.
2. **Shared Water Meters.** The water for the condominium is provided by a private water system which is shared by the Makila Plantation Subdivision and other subdivisions in the area. Currently there is only one water meter for potable water and one for non-potable water serving Apartment A exclusively. Apartment B will be responsible for obtaining, installing, maintaining and replacing any water service to its apartment and appurtenant Yard Area B. In the event Apartment B is unable to obtain a separate water meter, each apartment and limited common element shall be entitled to an equitable and proportionate share of the water provided by the single water meter, equal to that apartment's usage units in relation to the number of usage units of both Apartments A and B in the aggregate. Actual use by each apartment shall be determined by a sub-meter installed and maintained by the Association of Apartment Owners to measure actual use by each apartment, and each apartment shall pay a portion of the charges based on actual use. No apartment or water use shall be expanded or increased by an owner to exceed the available water capacity without that owner obtaining an additional meter at said owner's expense. At such time each apartment obtains separate water meters, each owner will be billed separately by the Makila Plantation Homeowners' Association, Inc.
3. **Water and Fire Protection.** By legal contract with Pioneer Mill Company, Limited, a Hawaii corporation, the maximum allowable consumption of water may require some limits. While Declarant believes that such capacity is sufficient for normal and reasonable use by each apartment, there are no guarantees. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection.
4. **Mailboxes.** Each apartment may have its own separate mailbox.
5. **Sewer.** Each apartment will have its own on-site private septic system within its limited common element. The location of the septic system appurtenant to Apartment A is shown on the site plan of the Condominium Map. Apartment B has no septic system. The owner of each apartment shall be responsible for installing, operating, maintaining, repairing and replacing its own on-site private septic system, which shall comply with all applicable laws, rules and regulations. Each septic system must comply with design standards and approval requirements of the State of Hawaii Department of Health. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of the septic system and appurtenances. County sewer service is not available.
6. **Makila Plantation Subdivision Homeowners Association.** The land upon which the condominium project is located (Lot 5) is part of the Makila Plantation Subdivision. The Makila Plantation Subdivision has been registered with the State of Hawaii Department of Commerce and Consumer Affairs under Hawaii Revised Statutes Chapter 484, and a Public Offering Statement for the subdivision has been issued. IT IS RECOMMENDED THAT THE BUYER OF EACH CONDOMINIUM UNIT OBTAIN A COPY OF THE MOST RECENT PUBLIC OFFERING STATEMENT AND THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE SUBDIVISION. THE STATEMENT AND DECLARATION CONTAIN MANY IMPORTANT DESCRIPTIONS ABOUT THE SUBDIVISION AS A WHOLE, AS WELL AS THE OPERATIONS AND MANAGEMENT OF THE HOMEOWNERS ASSOCIATION, ITS BUDGETS AND RESERVES.

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

The owners of Lot 5 are members of the Makila Plantation Homeowners Association, Inc., a Hawaii nonprofit corporation, which is the association formed for the Makila Plantation Subdivision as a whole for the purpose of holding, maintaining, operating and managing, as a common expense, all of the common areas and facilities of the subdivision. These consist of paved roadways, a drainage system, and archeological recreational sites and trails as easements, and public and private parks.

Each apartment owner will be a separate member of the Makila Plantation Homeowners Association and will be responsible to pay a share of common expenses assessed to each lot of the subdivision equal to the share assessed against each other lot (except for water use charges, which, if managed by the Association, will be assessed on an equitable basis by the Association, in addition to any basic system operating charge equally assessed against all lots), as provided in the Makila Plantation Declaration of Covenants, Conditions and Restrictions, as amended. The current association fee for each apartment is \$350 per month.

The Makila Plantation Declaration of Covenants, Conditions and Restrictions permits any Lot to be divided into two or more separate parcels, condominium units or other divisions each of which shall be capable of being owned and conveyed in fee simple as a separate and discreet unit of ownership.

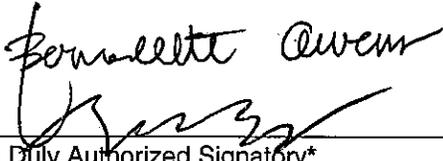
7. **Agricultural Uses.** The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agricultural-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, farm plans may be required. Dwellings may only be constructed and used as "farm dwellings." THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL OR THE MAUI COUNTY PLANNING DEPARTMENT CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.
8. **Insurance.** Each unit owner is responsible for insuring the unit and its contents. The Association may be required to provide additional insurance on the common elements. The cost and ability to obtain appropriate insurance to cover all structures and property from fire, wind, flood, liability and other hazards should be research by a prospective purchaser.
9. **Nuisances.** The Project is subject to the Hawaii Right to Farm Act, HRS Chapter 165. ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO PURCHASER.
10. **Flood Zone.** The property is subject to a 100-year flood inundation limitation. Purchasers should consult with the County of Maui regarding any building and use restrictions which may be affected by this limitation. However, this property is not designated in a flood zone.
11. **No Representations.** Developer, nor any salesperson representing Developer, makes any representation about any rental income or rental, or sales services for an apartment. Additionally, Developer, nor any salesperson representing Developer, makes any representation about any income from the apartment or any other economic benefit to be derived from the purchase or ownership of the apartment or tax effect of buying an apartment.
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 limits, 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. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH LEGAL COUNSEL CONCERNING THESE IMPORTANT RISKS.

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

13. **Rollback Taxes.** The land may be subject to rollback real property taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property tax assessment. Please refer to the Director of Finance, County of Maui, for further information. Also note Item 8, Exhibit C, dedication of land for ranching.
14. **Agreements/Easements on Records.** The title is encumbered by several agreements and easements described on Exhibit C. BUYER SHOULD CONSULT WITH LEGAL COUNSEL FOR ADDITIONAL INFORMATION.
15. **Supplementary Public Report to Cover Sale of Apartment B.** The Final Public Report effective May 1, 2006, was issued for the sale of Apartment A only. Apartment B could not be offered for sale prior to March 2007 since the law covering the sale of property improved by an owner-builder requires at least one year elapsed from completion of the improvement before it can be offered for sale. The Final Public Report required the Developer to obtain an effective date for a Supplementary Public Report covering the sale of Apartment B. It is the Developer's intention that this Supplementary Public Report shall be used for the sale of Apartment A and Apartment B.
16. **Disclosure Regarding Selection of Real Estate Broker.** The Developer has selected Sakamoto Properties Limited, a Hawaii licensed real estate broker, as the broker for the sale of Apartment A and Apartment B. A copy of the executed sales broker listing agreement is submitted with this Supplementary Public Report.

- 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.

GREGORY MICHAEL OWENS and BERNADETTE MARIE OWENS
Printed Name of Developer

By:  4/14/09
Duly Authorized Signatory* Date

GREGORY MICHAEL OWENS and BERNADETTE MARIE OWENS, 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 D

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 | \$ 10.00 \$ 120 |
| B | \$ 10.00 \$ 120 |
| | _____ |
| TOTAL: | \$ 40.00 \$ 240 |

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

This Project consists of 2 detached apartments. All utilities will be separately metered or otherwise charged. Each apartment owner is responsible for payment of all utilities and services, maintenance, repairs and supplies for his own apartment and limited common area.

Management

| | | |
|---------------------------|----------|-----------|
| Management Fee | | |
| Payroll and Payroll Taxes | | |
| Office Expenses | \$ 10.00 | \$ 120.00 |

Insurance

There are no common areas in this Project.

(Although required in Section 6.8 of the Bylaws, the Developer anticipates that the Association may elect to permit individual apartment owners to obtain and maintain separate policies of fire, liability and flood insurance and name the Association as an additional insured. In such case the premiums will be the responsibility of individual apartment owners and not common expenses.) The estimated annual insurance premium is \$275.00 per year per apartment.

Reserves(*)

No common areas in this project.

Taxes and Government Assessments

| | | |
|------------|----------|-----------|
| Audit Fees | \$ 10.00 | \$ 120.00 |
|------------|----------|-----------|

Other

| | | |
|-------|----------|-----------|
| TOTAL | \$ 20.00 | \$ 240.00 |
|-------|----------|-----------|

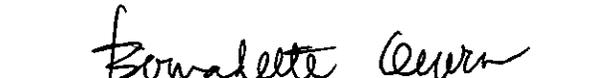
We, GREGORY MICHAEL OWENS and BERNADETTE MARIE OWENS, as Developers for KALAHEO CONDOMINIUM, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



GREGORY MICHAEL OWENS

4/14/09

Date



BERNADETTE MARIE OWENS

(*) 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.

ATTACHMENT TO EXHIBIT D
MAINTENANCE FEE DISBURSEMENTS

EXPLANATION OF RESERVE ESTIMATE

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

The Declarant estimate is based on the following analysis.

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

| <u>Item</u> | <u>Useful Life</u> | <u>Replacement Cost</u> | <u>Per Year</u> |
|-------------|--------------------|-------------------------|-----------------|
|-------------|--------------------|-------------------------|-----------------|

THERE ARE NO COMMON ELEMENTS IN THIS PROJECT THAT WOULD REQUIRE REPLACEMENT BY THE ASSOCIATION.

| <u>Reserve Amount:</u> | <u>Per Year</u> | <u>Per month</u> | <u>Per Apartment</u> |
|------------------------|-----------------|------------------|----------------------|
|------------------------|-----------------|------------------|----------------------|