

CONDOMINIUM PUBLIC REPORT

Prepared & issued by: Developer: Aloha Pualani Properties, LLC
Address: 15 Wailana Place, Kihei, Maui, Hawaii 96753

Project Name(\*): Aloha Pualani
Address: 15 Wailana Place, Kihei, Maui, Hawaii 96753

Registration No. 6031
(conversion)

Effective date: August 2, 2006
Expiration date: September 2, 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 governmental agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

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

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated:
[ ] Final Public Report dated:
[ ] Supplementary Public Report dated:

And [ ] Supersedes all prior public reports.
[ ] Must be read together with
[ ] This report reactivates the public report(s) which expired on

(\*) Exactly as named in the Declaration

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

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

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

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

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

This 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. 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 driveways.
2. The developer neither prepared nor commissioned a Phase I Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.
4. Pursuant to federal law, 42, U.S.C 4852(d), the Residential lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligent quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."
5. The property is presently used as a hotel for transient occupancy and not for permanent or long-term residency. If the use of one or more apartments is changed to long-term residential use, such use is permitted by the zoning rules but the existing parking is insufficient for an apartment building under the present zoning rules, which require two (2) spaces for each apartment. Since the parking was sufficient under the pre-existing rules, when the property was developed in 1978 and 1981, the project has the status of a "non-conforming use". If a building is damaged by fire, tsunami or other casualty and the cost to repair or replace exceeds fifty percent (50%) of the pre-destruction value of the building, the present rules would not allow the building to be repaired and used as apartments, but would require either (a) a variance from the Board of Variances and Appeals, or (b) restoration for hotel use only. PROSPECTIVE PURCHASER IS URGED TO CONSULT WITH ITS ATTORNEYS CONCERNING THE EFFECT OF THESE IMPORTANT RISKS.

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

## TABLE OF CONTENTS

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

## **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: Aloha Pualani Properties, LLC Phone: (808)875-6990  
Name\* (Business)  
15 Wailana Place  
Kihei, Maui, Hawaii 96753  
Business Address

Name 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):  
Sherry Withers is the sole member, manager and owner of Developer.

Real Estate Broker\*: Jim Sanders Realty, Inc. Phone: (808)579-8255  
Name (Business)  
137 Hana Highway  
Kahului, Maui, Hawaii 96732  
Business Address

Escrow: Old Republic Title & Escrow of Hawaii Phone: (808) 875-6950  
Name (Business)  
380 Huku Li'i Place, Suite 206  
Kihei, Maui, Hawaii 96753  
Business Address

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

Condominium Managing Agent\*: Meridian Properties, Inc. Phone: (808) 874-5230  
Name (Business)  
2439 S. Kihei Rd., Suite 204-A  
Kihei, Maui, Hawaii 96753  
Business Address

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

\* 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 interest, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-084823  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 4223  
 Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-084824  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed     Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	_____	<u>Majority of Board of Directors</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 the right to amend the Declaration, By-Laws and House Rules to designate additional easements, adopt or change use restrictions and limitations as deemed desirable to accommodate needs of apartment purchasers, enhance sales, correct errors, and to clarify uncertainties or ambiguities in the documents. See Exhibit A attached hereto.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:      Monthly                      Quarterly  
                                   Semi-Annually              Annually

Exhibit \_\_\_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
  
                                   Canceled                      Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the buildings(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

[X] Other: Note: The County of Maui has not approved the subdivision of the apartments 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 the 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: 15 Wailana Place Tax Map Key (TMK): (2) 3-9-1:131  
Kihei, Maui, Hawaii 96753

[ ] Address [ ] TMK is expected to change because N/A

Land Area: 10,001 [ X ] square feet [ ] acre(s) Zoning: Hotel H-1\*

\*Under H-1 zoning, residential apartments are permitted, and the law permits their rental for long-term or short-term rentals. All buildings in this condominium are permitted structures under applicable zoning laws.

As apartments containing kitchens, current law requires that two (2) parking spaces be provided for each apartment. However, the project contains only one (1) space per apartment, which was permitted when the project was built in 1980, but now exists as a valid "non-conforming" use.

Fee Owner: Aloha Pualani Properties, LLC  
 Name  
15 Wailana Place  
Kihei, Maui, Hawaii 96753  
 Address

Lessor: N/A  
 Name  
 \_\_\_\_\_  
 Address

**C. Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building 2

Exhibit D contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood  
 Other Glass

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>6</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial*	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: Household pets are limited to two (2), and leashes are required when in the common areas.

Number of Occupants: \_\_\_\_\_

Other: The Declaration contains restrictions on noise, nuisances and offensive conduct.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 6 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
(See Exhibit D attached hereto)					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 6

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

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

Boundaries of Each Apartment:

See Exhibit B attached hereto.

Permitted Alterations to Apartments:

See Exhibit C attached hereto.

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

Total Parking Stalls: 6

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>        </u>	<u>1</u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>6</u>
Guest	<u>        </u>						
Unassigned	<u>        </u>						
Extra for Purchase	<u>        </u>						
Other: <u>                        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Covered & Open:	<u>6</u>	<u>        </u>	<u>6</u>				

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

Parking stalls are numbered to correspond with apartment numbers.

- 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 Enclosure
- Other:                         Barbeque facility

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):

Condition of apartments and expected useful lives of components are shown on the Inspection Report attached hereto as Exhibit J.

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>	<u>parking</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.

Refer to disclosure in paragraph 11 on page 20, concerning the non-conforming parking.

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 \_\_\_\_\_.

as follows: The Common Elements include (a) the land in fee simple, (b) the buildings containing the apartments, (c) the parking areas, pool, pool deck, barbeque facility, utility building, trash enclosure, grounds and landscaping, and (d) common utility services and facilities.

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 \_\_\_\_.

as follows: One (1) parking space has been assigned to each apartment as a limited common element. Each space bears a numerical designation on the Condominium Map which corresponds to the number of the apartment to which it has been assigned.

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 D.

as follows:

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

Exhibit E describes the encumbrances against the title contained in the title report dated May 31, 2006 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as 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, Security Agreement and Financing Statement in favor of City Bank, now known as Central Pacific Bank, dated February 20, 2003, recorded as Document No. 2003-032937, Assignment of Lessor's Interest in Leases and Rents dated February 20, 2003, recorded as Document No. 2003-032938, Financing Statements dated February 24, 2003, October 20, 2003, and June 16, 2004, recorded as Documents Nos. 2003-032939, 2003-228975, and 2004-120343, respectively	Buyer may lose his or her unit but buyer's deposit to be refunded less any escrow cancellation fees.  All mortgage liens will be paid out of the proceeds of the sale of each apartment and each apartment will be released from the mortgage at that time.
Mortgage in favor of Robert G. Staples and Tamara C. Staples, Trustees of the Staples Family Living Trust dated January 18, 2006, recorded as Document No. 2006-034500	

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. All apartments are being sold "as is".

2. Appliances:

There are no warranties. All apartments are being sold "as is".

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

The apartments were built in 1978 and 1981 and remodeled in 2003.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

not affiliated with the Developer  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 F 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 and Apartments)  
 Gas ( Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable  
 Other \_\_\_\_\_  
\_\_\_\_\_

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract  
Exhibit   G   contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated   May 1, 2006    
Exhibit   I   contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other: Buyers are referred to the items listed in Exhibit E, all of which affect or encumber the title to the property.

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. 6031 filed with the Real Estate Commission on June 15, 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. Special Management Area. The entire condominium land is located within the Special Management Area (SMA). Under State and County law, any improvements to the property will require review and approval by governmental agencies, including the County of Maui Planning Commission, under applicable rules and regulations.

2. Water. The condominium is served by a single water meter and water use for all apartments will be billed to the Association of Apartment Owners by the County of Maui Department of Water Supply in a single bill. The Association is responsible for paying said charges and will allocate them among the apartment owners as common expense assessments. The method of allocation shall be determined by the Board of Directors of the Association and may be (a) an equal assessment to all apartments, (b) by individual use meters ("submeters") apportioning the County's billings between both apartments by proportionate metered water usage, or (c) other methods determined by the Board of Directors to be fair.

3. Mailboxes. Each apartment has its own mailbox, located in the central mailbox facility at Wailana Place.

4. Sewer. Each apartment is served by the County of Maui wastewater removal system and will be billed for sewer in the same manner as water. Portions of the sewer line may be shared in common by both apartment owners; any expenses associated with installing, removing, maintaining and/or repairing said common line(s) will be handled according to the Declaration of Condominium Property Regime.

5. Pre-Existing Buildings. Since the buildings are all pre-existing there may be lead paint, asbestos and other environmentally harmful materials contained in the buildings which may be hazardous and which would not be permitted for a new building today.

6. Hazardous materials. The developer neither prepared nor commissioned a Phase I Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the project. Because of the possible presence of such substances, buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the project or anything installed or contained therein and buyer expressly releases the developer from any liability to buyer if any hazardous materials are discovered.

7. Mold. The buildings are pre-existing and may contain mold or mildew. Buildings in Hawaii's humid climate are generally susceptible to mold and mildew. Mold and mildew may be hazardous to a person's health, particularly people with asthma or respiratory problems. Developer provides NO warranties and has NO responsibility for mold or mildew.

8. Lead Warning Statement. Pursuant to federal law, 42, U.S.C 4852(d), the Residential lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligent quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

9. 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.

10. 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, 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.

11. Non-conforming Status of Parking. The property is presently used as a hotel for transient occupancy and not for permanent or long-term residency. If the use of one or more apartments is changed to long-term residential use, such use is permitted by the zoning rules but the existing parking is insufficient for an apartment building under the present zoning rules, which require two (2) spaces for each apartment. Since the parking was sufficient under the pre-existing rules, when the property was developed in 1978 and 1981, the project has the status of a "non-conforming use". If a building is damaged by fire, tsunami or other casualty and the cost to repair or replace exceeds fifty percent (50%) of the pre-destruction value of the building, the present rules would not allow the building to be repaired and used as apartments, but would require either (a) a variance from the Board of Variances and Appeals, or (b) restoration for hotel use only. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.

12. Flood and Tsunami Inundation. The property is located in the Flood Zone/Tsunami Inundation area, subject to a risk of damage or destruction from tsunami or flooding. Flood insurance will be required under the National Flood Insurance requirements. SUCH INSURANCE MAY NOT BE ADEQUATE TO REPAIR OR REPLACE THE FACILITIES.

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.

Aloha Pualani Properties, LLC  
Printed Name of Developer

Aloha Pualani Properties, LLC

By: *Sherry J. Attree*  
Its: *member*

Date: *April 26, 2006*

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"

### RIGHTS RESERVED BY DEVELOPER

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the Declaration. Capitalized terms have the same meaning described as such terms in the Declaration.

1. Reserved Rights of Developer to Use the Common Elements and to Grant Easements. Under Section 6 of the Declaration the Developer has reserved several rights to occupy and use the common elements of the Project for various purposes, including conducting sales operations, general ingress and egress and utility services.

2. Reserved Rights to Change the Declaration, Bylaws and House Rules. The Developer has reserved the right to change the condominium documents to adopt or change use restrictions as deemed desirable to accommodate the needs of apartment purchasers, enhance sales, correct errors and clarify uncertainties and ambiguities.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL GUIDE, THE PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. THE PURCHASER SHOULD CONSULT WITH HIS, HER OR ITS ATTORNEY CONCERNING THESE RIGHTS AND THEIR EXERCISE.

IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION SHALL CONTROL.

END OF EXHIBIT "A"

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

The boundaries of each apartment include (i) all the walls, partitions and components thereof which are not load-bearing within its perimeter walls; (ii) all non-load bearing, non-structural interior components of the apartment's perimeter and party walls; (iii) the interior decorated or finished surfaces and all load bearing walls, floors and ceilings, including all plasterboard components and floor coverings; (iv) all doors and windows with associated frames which are located along the perimeters, and the exterior garage doors together with associated hardware; (v) all fixtures originally installed in the apartment; and (vi) all pipes, plumbing, wiring, fixtures, outlets and switches located within or which serve only that apartment. Apartments shall also include each covered or uncovered lanai or porch attached to the apartment and each attached or detached garage appurtenant to said apartment.

Concerning measurements and floor area, the net living areas set forth in the Declaration and Exhibit "D" are based on measurements taken from the interior surface of all perimeter walls, but no reduction is made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls. In two-story units the area of the stairway is counted as part of the upper floor and any usable areas beneath the stairs, are counted as part of the lower floor. The stated areas of covered and uncovered lanais or balconies are based on measurements taken from the exterior surface of each wall which separates the interior living areas of the apartments from the lanai or porch and the exterior edge of the floor or concrete slab of the lanai or balcony.

All stated dimensions and areas are approximate in nature. Actual floor areas and dimensions upon completion of construction may vary as a result of reasonable construction tolerances, which do not materially adversely affect the value of the apartment.

IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION SHALL CONTROL.

END OF EXHIBIT "B"

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

1. General Provisions. The Declaration provides for the restoration and replacement of the Project or any portion thereof, and the construction of additional improvements in certain cases where the Project has been damaged by fire or other casualty or by eminent domain taking. Refer to Articles 13 and 14.

2. Additions or Alterations Solely Within an Apartment or Limited Common Element. Section 8 permits each owner to make certain interior, non-structural changes to the apartment provided that such changes do not jeopardize the soundness or safety of any portion of the Project, reduce its value, or adversely affect other apartments or the use and enjoyment of the common elements by others.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL GUIDE, THE PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION.

IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION SHALL CONTROL.

END OF EXHIBIT "C"

EXHIBIT "D"

APARTMENT NUMBERS; NUMBERS OF BEDROOMS AND BATHROOMS;  
APPROXIMATE NET LIVING AREA OF APARTMENT; APPROXIMATE NET SQUARE  
FOOTAGE OF LANAI AND BALCONY; AND PERCENTAGE OF COMMON  
INTEREST; LOCATION, LAYOUT AND OTHER APARTMENT INFORMATION

<u>Apt. No.</u>	<u>Bed/Bath</u>	<u>Approx. Net Living Area of Apartment</u>	<u>Approx. Net Square Footage of Lanai</u>	<u>Approx. Net Square Footage of Balcony</u>	<u>Percentage of Common Interest</u>	<u>Apartment Type</u>
1	1/1.5	1,044 sq. ft.	100 sq. ft.	17 sq. ft.	16 $\frac{2}{3}$ %	A
2	1/1	331 sq. ft.	76 sq. ft.	17 sq. ft.	16 $\frac{2}{3}$ %	B
3	1/1.5	668 sq. ft.	76 sq. ft.	17 sq. ft.	16 $\frac{2}{3}$ %	C
4	1/1.5	668 sq. ft.	68 sq. ft.	17 sq. ft.	16 $\frac{2}{3}$ %	D
5	1/1.5	668 sq. ft.	68 sq. ft.	17 sq. ft.	16 $\frac{2}{3}$ %	D
6	1/1.5	668 sq. ft.	76 sq. ft.	17 sq. ft.	16 $\frac{2}{3}$ %	D

Descriptions of Buildings: The apartments are contained in two buildings, Building A and Building B, of which Building A is the southernmost and Building B is the northernmost. Building A contains Apartments 1, 2 and 3. Apartment 1 is a two-story apartment on the west side of Building A. Apartment 2 is a second-story studio apartment in the center of Building A and Apartment 3 is a two-story apartment on the east side of Building A.

Building B contains Apartments 4, 5 and 6, numbered consecutively from east to west, each being a two-story apartment.

Each apartment has an entrance directly on the common element grounds which in turn provides access to Wailana Place, the public road, through the grounds and the parking area.

Layouts of Apartments: The apartment layouts are according to the apartment type as designated in the last column of the preceding chart. Apartments in each type are laid out as follows:

- (a) Type A: Apartment 1 is the only Type A apartment. It is a two-story apartment containing a kitchen/living/dining area and an office,

half-bath and storage area below and a bedroom, bathroom, lanai and balcony above.

(b) Type B: Apartment 2 is the only Type B apartment. It is a studio unit situated in the center and on the second floor of Building A, and contains a sleeping/living area, bathroom, lanai and balcony.

(c) Type C: Apartment 3 is the only Type C apartment. It is a two-story apartment with a living/dining area and kitchen, half-bath and storage below and a bedroom, bathroom, lanai and balcony above.

(d) Type D: There are three Type D apartments, Apartments 4, 5 and 6, all of which are located in Building B. Each Type D apartment is a two-story apartment with a living/dining area, kitchen, half-bath and storage below and a bedroom, bathroom, lanai and balcony above.

END OF EXHIBIT "D"

EXHIBIT "E"

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. The terms and provisions contained in Deed dated March 19, 1970, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 6937 on Page 80.

These terms and provisions do not affect the use, occupancy or enjoyment of the apartments or the property as a whole.

3. Mortgage, Security Agreement and Financing Statement made by Aloha Pualani Properties, LLC, an Arizona limited liability company, in favor of City Bank, a Hawaii corporation, now known as Central Pacific Bank, a Hawaii corporation, dated February 20, 2003, recorded in the said Bureau of Conveyances as Document No. 2003-032937.

Each apartment will be released from the lien of this item before title is conveyed to the buyer.

4. The terms and provisions contained in Assignment of Lessor's Interest in Leases and Rents dated February 20, 2003, recorded in the said Bureau of Conveyances as Document No. 2003-032938, by and between Aloha Pualani Properties, LLC, an Arizona limited liability company, and Aloha Pualani Hotel Boutique, LLC, a Hawaii limited liability company, "Assignor", City Bank, a Hawaii corporation, now known as Central Pacific Bank, a Hawaii corporation, "Assignee".

Each apartment will be released from the lien of this item before title is conveyed to the buyer.

5. Financing Statement made by Aloha Pualani Properties, LLC, as Debtor, and City Bank, a Hawaii corporation, now known as Central Pacific Bank, a Hawaii corporation, as Secured Party, recorded in the said Bureau of Conveyances as Document No. 2003-032939.

Each apartment will be released from the lien of this item before title is conveyed to the buyer.

6. Financing Statement made by Aloha Pualani Properties, LLC, as Debtor, and City Bank, a Hawaii corporation, now known as Central Pacific Bank, a Hawaii corporation, as Secured Party, recorded in the said Bureau of Conveyances as Document No. 2003-228975.

Each apartment will be released from the lien of this item before title is conveyed to the buyer.

7. Financing Statement made by Aloha Pualani Properties, LLC, as Debtor, and City Bank, a Hawaii corporation, now known as Central Pacific Bank, a Hawaii corporation, as Secured Party, recorded in the said Bureau of Conveyances as Document No. 2004-120343.

Each apartment will be released from the lien of this item before title is conveyed to the buyer.

8. Mortgage made by Aloha Pualani Properties, LLC, an Arizona limited liability company, in favor of Robert G. Staples and Tamara C. Staples, Trustees of the Staples Family Living Trust, dated January 18, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-034500.

Each apartment will be released from the lien of this item before title is conveyed to the buyer.

9. The terms and provisions contained in Declaration of Condominium Property Regime for "Aloha Pualani" Condominium Project dated April 26, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-084823, covered by Map 4223 and any amendments thereto.

10. The terms and provisions contained in By-Laws of The Association of Apartment Owners dated April 26, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-084824.

11. Any unrecorded leases and matters arising from or affecting the same.

Note: Each apartment will be sold free and clear of any lease.

END OF EXHIBIT "E"

Tax Key: (2) 3-9-001-131

EXHIBIT "F"

ESTIMATED MONTHLY MAINTENANCE FEES

<u>Apt. No.</u>	<u>Net Living Area</u>	<u>Common Interest Percentage</u>	<u>Monthly Base Common Expense</u>	<u>Monthly Reserve Contribution</u>	<u>Total Monthly Assessment</u>
1	1,044 sq. ft.	16 $\frac{2}{3}$ %	\$476.67	\$33.33	\$510.00
2	331 sq. ft.	16 $\frac{2}{3}$ %	\$476.67	\$33.33	\$510.00
3	688 sq. ft.	16 $\frac{2}{3}$ %	\$476.67	\$33.33	\$510.00
4	688 sq. ft.	16 $\frac{2}{3}$ %	\$476.67	\$33.33	\$510.00
5	688 sq. ft.	16 $\frac{2}{3}$ %	\$476.67	\$33.33	\$510.00
6	688 sq. ft.	16 $\frac{2}{3}$ %	\$476.67	\$33.33	\$510.00

## EXHIBIT "G"

### SUMMARY OF PURCHASE AGREEMENT

A specimen Deposit Receipt and Sales Contract (the "Sales Agreement", has been submitted to the Real Estate Commission and is available in the Sales Office of the Developer ("Seller"). ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Lender Priority. Seller has given to and/or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual apartments. All of the rights and interests which Seller gives to the lender or lenders will have priority over the Buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The Buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of signed apartment deeds to the Buyers. If Seller's lender or lenders ask the Buyers to do so, the Buyers will sign other documents to confirm the promises and agreements mentioned above.

2. Buyer's Failure to Obtain Loan Approval. Seller may (but does not have to) cancel the Sales Agreement (a) if the Buyer's mortgage loan application is rejected or not approved within thirty (30) days after application, or (b) if the Buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the Buyer's ability to make the cash payments.

3. Warranties. There are no warranties. The apartments are sold "as is".

4. REPRESENTATIONS. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS REPRESENTED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED HEREIN AND IN THE DECLARATION, THE BYLAWS, AND ANY OTHER DOCUMENTS AFFECTING THE PROPERTY. BUYER ALSO AGREES THAT

NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

5. Closing Costs. Buyer will pay the following closing costs: 50% of the escrow fee, all of Buyer's notary fees, all appraisal fees, all recording costs (except for documents to clear Seller's title), all charges for Buyer's credit report, all costs of preparing any mortgages and promissory notes, and Buyer's title insurance premium. Buyer will also pay all mortgage costs. Buyer will also pay a non-refundable start-up fee which will be held and used by the Seller and the first managing agent of the Association as a working capital fund for the benefit of all the apartment owners. Buyer agrees that Seller does not have to pay any start-up fee for any apartment in the Project, but Seller will cause all Buyers to pay the start-up fee when apartments are sold and closed in escrow. Proration of real property taxes will be made as of the scheduled closing date. Proration of maintenance charges will be made as of the scheduled closing date or later at Seller's option.

6. Buyer's Default. If Buyer fails to make any payment when it is due or fails to keep any of Buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained in the Sales Agreement, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving to Buyer written notice of cancellation and Seller may keep all sums paid by Buyer under the Sales Agreement as liquidated damages. If Seller cancels the Sales Agreement, Buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by Buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from Buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make Buyer keep all of Buyer's promises and agreements, including, without limitation, closing the purchase of the property).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable lawyers' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of Buyer's default.

7. Seller's Default. If Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, Buyer may require Seller to go through with the Sales Agreement, or Buyer may cancel the Sales Agreement. If Buyer cancels the Sales Agreement because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to Seller or escrow under the Sales Agreement, without interest (unless Buyer is entitled to the interest pursuant to Section 2.2 or 8 of Exhibit "A" of the Sales Agreement).

BUYER AGREES THAT IF SELLER DEFAULTS UNDER THE SALES AGREEMENT AT ANY TIME, BUYER WILL ONLY HAVE THE RIGHTS MENTIONED IN THIS SECTION. BUYER GIVES UP ANY OTHER RIGHTS BUYER MIGHT OTHERWISE HAVE.

8. Contract Not Transferable. The Buyer agrees that Buyer may not transfer the Sales Agreement or any of Buyer's rights or interests under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

9. Conclusions and Summary. NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

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 connection 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 purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(d) Requirements relating to the purchaser's financing of the purchase of an apartment.

(e) 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.

(f) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(g) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the sales 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.

END OF EXHIBIT "G"

EXHIBIT "H"

CONDOMINIUM PUBLIC REPORT ON  
ALOHA PUALANI

DISCLOSURE ABSTRACT

1. (a) PROJECT: Aloha Pualani  
Kihei, Hawaii
- (b) DEVELOPER: Aloha Pualani Properties, LLC  
15 Wailana Place  
Kihei, Hawaii 96753
- (c) REAL ESTATE BROKER: Jim Sanders Realty, Inc.  
137 Hana Highway  
Kahului, Hawaii 96732
- (d) PROJECT MANAGER: Meridian Properties, Inc.  
2439 South Kihei Road, Suite 204-A  
Kihei, Hawaii 96732

2. USE OF APARTMENTS:

- (a) Number of apartments in Project for residential use: six (6)
- (b) Proposed number of apartments in Project for hotel use: six (6), as permitted by zoning.
- (c) Extent of commercial or other non-residential development in Project:  
None

3. WARRANTIES:

There are no warranties. Apartments and the Project as sold "as is".

The Condominium Map is Not a Warranty. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Public Report as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Developer for the one-year period commencing \_\_\_\_\_ and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment is subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments.

The breakdown of the estimated maintenance cost for each apartment contained in the Public Report does not include individual charges for sewer fees, cable TV or any metered utilities or the Buyer's obligation for real property taxes and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

\*\*\*\*\*  
\* NOTE: THE DEVELOPER ADVISES THAT COSTS AND \*  
\* EXPENSES OF MAINTENANCE AND OPERATION OF A \*  
\* CONDOMINIUM PROJECT ARE VERY DIFFICULT TO \*  
\* ESTIMATE INITIALLY AND EVEN IF SUCH \*  
\* MAINTENANCE CHARGES HAVE BEEN ACCURATELY \*  
\* ESTIMATED, SUCH CHARGES WILL TEND TO \*  
\* INCREASE IN AN INFLATIONARY ECONOMY AND AS \*  
\* THE IMPROVEMENTS AGE, MAINTENANCE CHARGES \*  
\* CAN VARY DEPENDING ON SERVICES DESIRED BY \*  
\* APARTMENT OWNERS. THE BUYER SHOULD \*  
\* EXAMINE THE MAINTENANCE CHARGE SCHEDULE \*  
\* TO SEE WHAT SERVICES ARE INCLUDED IN THE \*  
\* SCHEDULE. \*  
\*\*\*\*\*

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer may assume all the actual common expenses of the Project

(and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least thirty (30) days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay any start-up fees or to pay for any cash reserves or other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

END OF EXHIBIT "H"

EXHIBIT "1"

<b>Aloha Pualani</b>			
	Proposed 2006 Monthly Budget	Proposed 2006 Annual Budget	Explanations
<b>INCOME:</b>			
Maintenance Fees	3,060.00	36,720.00	
Interest	0.00	0.00	
<b>TOTAL INCOME</b>	<b>3,072.83</b>	<b>36,874.00</b>	
<b>EXPENSES:</b>			
Common Area Maintenance	200.00	2,400.00	
Landscape Maintenance	500.00	6,000.00	
Pool Maintenance	228.00	2,736.00	
Refuse	85.00	1,020.00	
Electricity	334.00	4,008.00	
Water	175.00	2,100.00	
Propane	169.00	2,028.00	
Office & Administration	20.00	240.00	
Property Management	416.00	4,992.00	
Association Meeting Expense	0.00	0.00	
Legal Fees, General	0.00	0.00	
Audit & Tax Service	50.00	600.00	
Property Taxes	97.00	1,164.00	
General Excise Tax	0.00	0.00	
Insurance, Fire	350.00	4,200.00	
Insurance, General Liability	68.00	816.00	
Insurance, Directors & Officers	63.00	756.00	
Insurance, Bond	0.00	0.00	
Insurance, Flood	117.83	1,414.00	
Miscellaneous	0.00	0.00	
Contingency	0.00	0.00	
<b>TOTAL OPERATING EXPENSES</b>	<b>2,872.83</b>	<b>34,474.00</b>	
<b>RESERVES</b>	<b>200.00</b>	<b>2,400.00</b>	
<b>TOTAL EXPENSES</b>	<b>3,072.83</b>	<b>36,874.00</b>	
<b>NET INCOME/LOSS</b>	<b>(0.00)</b>	<b>0.00</b>	
	<b>Monthly Maint. Fee for 2006 512.14</b>		

EXHIBIT "1"

I, K. David Josephson, the Broker-in-Charge - Maui of Meridian Properties, Inc., the Managing Agent for Aloha Pualani, hereby certify that the above estimate of assessments and condominium expense disbursements were prepared in accordance with generally accepted accounting principles.

I also hereby certify that a reserve study has not been conducted to support the Capital Reserve Contribution line item set forth above, as there is insufficient information available to conduct such study at this time. Although under Hawaii law a newly formed Association is not required to collect estimated replacement reserves until the fiscal year which begins after the Association's first annual meeting, the Association for this project will begin to collect reserve amounts upon closing of sales of apartments in the project based on the estimate set forth above. [Purchasers should be aware that the amount collected for reserves may increase or decrease when the reserve study is conducted.]

K. David Josephson

03/06/06  
Date

END OF EXHIBIT "1"

## EXHIBIT "I"

### SUMMARY OF ESCROW AGREEMENT

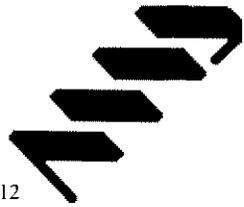
The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Agreement will be held up by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (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 Agreement.
- (d) After a Sales Agreement becomes final and binding after the issuance of the Final Public Report for the Project, Developer may withdraw Buyer's deposits to pay for Project construction costs.

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 Agreement. 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.

END OF EXHIBIT "I"

EXHIBIT "J"



NICK WAGNER ARCHITECT INC. 226 SOUTH CHURCH STREET, WAILUKU, HAWAII 96793 (808) 242 - 5720 FAX 243 - 9412

March 16, 2006

State of Hawaii  
Real Estate Branch  
Department of Commerce and Consumer Affairs  
250 South King Street, Room 702  
Honolulu, HI 96813

**SUBJECT: ALOHA PUALANI CONDOMINIUMS**

Ladies and Gentlemen:

The undersigned is a licensed Hawaii architect, licensed under AR-6539. This letter is being provided as required by HRS Section 514A-40 in connection with the registration of the above condominium under Chapter 514A.

Please be advised that buildings A and B of the condominium, each being more than five (5) years old, was physically inspected and a detailed report of condition was provided by Paul Sigmore, a member of the American Society of Home Inspectors (ASHI). A copy of said report is attached hereto as Exhibit "A".

The undersigned hereby certifies to you that to the best knowledge and belief of the undersigned, the condition of said buildings is as set forth in Exhibit "A" hereto and the report attached hereto is true and accurate.

Very Truly Yours,

Nicholas T. Wagner

State of Hawaii  
County of Maui

Subscribed and sworn to before me  
this 16 day of March, 2006

Notary Public, State of Hawaii

Printed Name: HEATHER WIEST

My Commission Expires: March 30, 2007

U.S.

**Paul L. Signore  
Building Inspection Services  
Inc.**

**Aloha Pualani Hotel Boutique  
15 Wailana Place  
Kihei, Maui, Hawaii 96753**

**Comprehensive Building Inspection Report**

Prepared For:  
**Sherry Withers  
15 Wailana Place  
Kihei, Maui, Hawaii 96753**

**Present at Inspection:**  
Paul L Signore - Inspector

**Agents:**  
N/A



# Introduction

Thank you for selecting **Paul L. Signore Building Inspection Services Inc.** as your building inspector. I am a certified member of ASHI® - American Society of Home Inspectors, Inc. and Immediate Past President and Founding Member of the Hawaiian Chapter of ASHI. I am also a certified member of: The Foundation of Real Estate Appraisers - (FREA) as a Residential/Commercial Real Estate Inspector, and an affiliate member of the RAM (Realtors Association of Maui, Inc.). I am also a past member of the Chimney Safety Institute. I have personally conducted over 8,500 building inspections over the last 21 years.

I am proud of the quality of my service and feel confident of my ability to give you the very best information available. All of my inspections are performed to the highest professional standards - **The Standards of Practice of the American Society of Home Inspectors - ASHI.** The inspection and this written report were performed in accordance with the ASHI Standards. A copy of the Standards is provided as an appendix to this written report.

You will also notice that Section II (Home Maintenance) is also provided on the accompanying CD for your convenience. This section of the report is designed to give you some guidelines in maintaining your home. You should consider the information provided in this section just as important as the inspection itself.

The purpose of the inspection is to provide you, the client, with a better understanding of property conditions observed at the time of the inspection only. I am primarily concerned with pointing out large expenses and/or safety related concerns, rather than small or cosmetic items, which are considered readily apparent to buyers themselves. Major items are defined as items which are estimated to cost more than \$1,000.00 to repair.

**Note: Any estimated repair prices will not represent an offer to do such work. Firm estimates from licensed contractors should be secured for any work that may be required prior to closing escrow.** Any projections of life span, in any sections of the report, or expectations for maintenance are my best estimates of what may occur. They are probabilities based on experience and the best available information - not definitive statements.

Each of my reports also include a customized response to the individual client's needs for information on a specific property for the sole use and benefit of the CLIENT. Under no circumstances shall the inspection report be for the benefit of any third party and shall not it be relied upon by anyone else. It is also based upon specific questions, concerns and discussions before, after and/or during the inspection. The inspection, the report and verbal discussions are integral components of this package. **If it was not possible for you to be present at the time of the inspection then call for a verbal consultation.** If you chose not to consult with me, then Paul L. Signore Building Inspection Services cannot be held liable for your unformed interpretation of the report's contents.

While some of the recommendations may be applied to all structures, their implementation by you, or any person you employ, on any other structures is not recommended without prior verification of their propriety.

The inspection is limited to that which can be seen - it is a limited visual observation of apparent conditions existing at the time of the inspection only. Latent and concealed defects and deficiencies are outside the scope of the inspection. It does not involve removing sections of walls or ceilings, excavating or otherwise opening the structure or dismantling mechanical systems. I do not do any destructive testing, nor can I see through walls, and so consumers should not expect their reports to include the condition of every nail, wire or pipe in the home.

You should not expect this report to serve as a guarantee or warrantee that the home's components won't ever fail or need repair or replacement at some point in the future. There are third party warranty programs available which may be obtained to insure you against failure of some of the major systems of the house. **I cannot eliminate all your risk in purchasing.** The inspection report's greatest value comes from utilizing the variety of recommendations - which should aid in prolonging the life of the respective building components and provide for greater efficiency in operation. No house is perfect, and they all need regular maintenance and repair.

The Standards do not require an inspector to enter, climb on or into, or move items or obstructions impeding access to any area which in his opinion is unsafe, hazardous, or potentially injurious to the inspector, other persons, the structure or its systems.

Dryrot is a major problem here on the islands. Our sub-tropical climate and humid conditions, be it natural or man-made through irrigation, condensation, poor building practices, lack of maintenance, overgrown vegetation or leaky plumbing are ideal conditions for this wood destroying organism and related fungi. Under these conditions the organism can experience rapid growth. Areas which appear normal can exhibit dryrot in as little as 30 days where none was suspected or noted at the time of an inspection.

While my inspection and report may include observations of evident dryrot (and I do my best to discover it by observing susceptible areas, and the environmental conditions that may be conducive to it), this inspection and report cannot be relied upon to serve as a guarantee or warrantee that the structure is totally free of it. Dryrot and related fungi can literally grow anywhere, and it is beyond the scope of this type of inspection. One thing that I can say with certainty is that sooner or later all structures will exhibit dryrot at some point, in some area.

As an inspector I rely upon certain background information and research supplied by the Realtor(s), seller(s) or yourself. I do not represent, in any manner, that the land or structure to which this report refers to is in compliance with laws, rules or regulations of any government authority. While I believe that all of my recommendations meet building and health codes I do not recommend implementing any of my recommendations which would violate local codes. This is not a code inspection.

The inspection and the report are supplied as an aid in the decision making process in which you are now engaged. They are intended to be utilized as information tools. After occupancy, all buildings will have some defects which are not identified in the inspection report. If a problem occurs that you feel the report did not give you sufficient warning of, call me. Should there be any items in question or which you have become aware of by any means I should be notified immediately by phone and **in writing** and be allowed **access to the property to evaluate these items before any corrective action is taken.** Repairs taken without consultation with Paul L. Signore Building Inspection Services Inc. **releases Paul L. Signore Building Inspection Services Inc. of any and all liability.**

I remain at your service, as an information source, for a full year after the inspection! If there are any questions or concerns about items discussed in the report; or you need advise concerning how to best implement the recommendations, call for additional information.

Aloha Nui Loa,



Paul L. Signore - president

Member of: The American Society of Home Inspectors - ASHI® - Cert. # 2389  
Immediate Past President of the local chapter - ASHI of Hawaii Inc.  
FREA/RREI - Residential/Commercial Real Estate Inspector #20634  
Chimney Safety Institute of America - Cert# 2942  
Affiliate Member: RAM (Realtor Association of Maui, Inc.)



# Table of Contents

Report Cover .....	1	Bathrooms .....	18
Introduction .....	2	Repairs and Items Requiring Attention .....	19
Table of Contents .....	4	<b>Agreement (emailed 2/10/2006 - on file)</b>	
Inspection Report .....	5	<b>On the CD:</b>	
Exterior Components .....	5	• <b>Pictures</b>	
Topography and Site Conditions .....	5	• <b>Home Maintenance Section II</b>	
Siding .....	5	• <b>Standards of Practice</b>	
Foundation & Structural Components ..	6	• <b>Glossary</b>	
Entries and Doors .....	6	• <b>Code of Ethics</b>	
Balconies, Lanai, Barbecue and Bar .....	7		
Windows .....	7		
Driveway and Walkways .....	8		
Roof, Gutters and Attic Space .....	8		
Irrigation System .....	8		
Swimming Pool .....	9		
Mechanicals .....	9		
Electrical System .....	9		
defective phone jack .....	11		
Water .....	11		
Plumbing .....	12		
Waste System .....	12		
Hot Water Systems .....	13		
Propane .....	14		
Air Conditioning .....	14		
Interior Components .....	14		
walls .....	14		
ceilings .....	14		
flooring .....	14		
stairway .....	14		
Side Notes on Mold & Mildew .....	15		
Kitchens & Appliances .....	16		
Appliances .....	16		
Antisiphon .....	17		
smoke detectors .....	17		

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# Inspection Report

The following observations and suggested corrective actions are based upon a visual inspection of accessible areas and functioning utilities at the time of the inspection.

Those items requiring repairs or corrective actions are outlined in the individual sections of the report. No house is perfect, they all need regular maintenance and repair. The types of things that probably need to be done are in all likelihood the items which need to be done in the house you are now living in. The **Home Maintenance - Section II** of the report contains useful and important information regarding repairs, typical maintenance and preventative actions. When implemented, they will allow you to protect and perhaps enhance your investment.

If there are any questions or concerns please feel free to call. It is our intention to help simplify the inspection process and put your concerns in proper perspective.

**Note: all directions - right, left, front and rear are from the perspective of facing the structure from the street.**

## Exterior Components

### Topography and Site Conditions

***Conditions/observations:***

Aloha Pualani Hotel Boutique, 15 Wailana Place, Kihei, Maui, Hawaii is a commercial property with two buildings, a washhouse/utility shed and a pool. There are six units. One of the units has been enlarged and the adjacent unit was modified to create an office and a studio apartment above. The buildings are two story structures approximately 28 years old - built in 1978. The property was renovated in 2003. The structures are located on relatively level ground. The exterior relative humidity was 56%. The temperature was 80 degrees. The buildings and grounds are well maintained.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 2.2 (perimeter grading)

### Siding

***Conditions/observations:***

The bottom portions of the buildings are sided with a stucco finish. The upper portions of the structure are covered with Texture 1-11 applied horizontally. The siding and trimwork is in typical condition for its age. There is no major dryrot or areas in need of immediate major repair or replacement. The buildings were painted in 2003.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 1.1 - 1.2 (Preparation & Primers) 1.3 (Stains) 2.1 & 2.2 (Plantings & Perimeter grading) 2.3 (Irrigation systems) 3.1 (Wood Preservatives & Repairs) 3.2 (Damaged trim and non-structural repairs) 3.3 (Dryrot Damaged areas and Structural Repairs)

There are professional wood restoration products which can be used on deteriorated wood which do not necessitate removal of the deteriorated wood and will restore the materials to their original strength. LiquidWood® and WoodEpox® There are also Boron based preservatives which can help control wood decay fungi and control termites Bora-Care® and Timbor® they are available from Abatron, Inc 5501 95th Ave, Kenosha, WI 53144 or call 1 - 800 - 445 - 1745 or 1-262 - 653 - 2000 website: <http://www.abatron.com> The company also produces products for concrete, metal and general maintenance - call or send for a catalogue.

Note: there are paints available with 20 plus years life expectancy - most paint manufacture's now produce them. These paints contain Acrylic Polymers and Polyurethane and do not cost much more or are comparable in price to normal high quality paints about \$30 a gallon. (Two high quality paints I recommend are: Valspar® available at Lowe's and Behr® available at Home Depot.)

## **Foundation & Structural Components**

***Conditions/observations:***

The buildings are constructed on poured concrete slab on grade foundations. It appears that the corners and sections of the buildings are concrete block. There were no evident major stress cracks or signs of serious settlement. The foundations appeared to be in good condition. The accessible structural materials are untreated lumber. The perimeter walls and attic spaces have been insulated.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 2.2 (Perimeter regrading) 3.1 (Wood Preservatives & Repairs) 4.1 & 4.2 Masonry & Painting concrete)

## **Entries and Doors**

***Conditions/observations:***

The front entry areas are from concrete slabs and walkways, in typical condition for their age. The main entry doors are wood. These are the original doors. The secondary doors are sliding glass panel doors.

- The hardware and weatherstripping is in satisfactory condition with the exception of the slider off the rear left of the Owner's suite - it binds. It appears that the rollers are in need of replacement.
- The slider off the Lotus suite (facing the pool area) has a minor slice in the

- screening.  
There was minor dryrot occurring at the bottom of the door trim on the front center entry door and the rear center entry door (to the Pikake studio) on the front building. This appears to have been caused by overspray from the irrigation system. It has affected approximately the bottom 6 inches of the trim. These are cosmetic repairs. Photos 011 & 061.

The interior doors are a combination of: hinged doors, bi-fold doors, louvers, and sliders in satisfactory condition.

***Recommendations:***

Cosmetically repair the dryrotted trim at the base of the front center entry door and on the rear center entry door (to the Pikake studio) on the front building.<sup>1</sup> The sliding glass doors and screens are in need of servicing and possible roller replacement. - try cleaning and lubrication with a silicone based spray first.<sup>2</sup> Normal Typical Maintenance - see Home Maintenance Section -5.1 (Windows & Doors)

## **Balconies, Lanai, Barbecue and Bar**

***Conditions/observations:***

The upper balconies/lanais have ceramic tile covered flooring. There are wood railings of adequate height and spacing. They are in generally satisfactory condition. There is a trellis covered lanai off the left side of the front building for the owner's suite.

The lanai and pool surround areas are concrete slabs covered with stones (onyx), in satisfactory condition.

The barbecue area is equipped with a Viking Icemaker, a Whirlpool refrigerator/freezer, a KitchenAid dishwasher and a Viking barbecue. All were in proper operating condition. The counter top of this area is formed and sealed concrete.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section 1.2 & 1.3 (Primers and Stains)

## **Windows**

***Conditions/observations:***

The buildings are equipped with vinyl framed fixed glass, casement and sliding glass windows. The windows were replaced in 2003.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section 5.1 (Windows and Doors).

## Driveway and Walkways

### *Conditions/observations:*

The driveway and walkways are concrete in satisfactory condition. There are typical shrinkage and settlement cracks. The parking area has 6 parking stalls. Photos 008, 009 & 010.

### *Recommendations:*

Normal Typical Maintenance - see Home Maintenance Section pages 4.1 & 4.2 (Masonry and Painting concrete)

## Roof, Gutters and Attic Space

### *Conditions/observations:*

The roof was inspected from the ground and from the balcony areas with a telephoto lens. The roof areas are covered with cedar shingles in typical condition for their age. The roofs were stripped and replaced in January of 2003. There is typical minor cupping and curling of the shakes.

Side note: The normal serviceable life of this type of roofing material on this part of the island is approximately 15 plus years with maintenance. If the roofs are periodically treated you can help extend their serviceable life. This should be done about every 5 years. The average cost for treating the shakes is approximately \$.50 per square foot.

The attic areas are accessed through the upper level scuttle holes. The accessible roof rafters and support system/roof trusses are in good to fair condition. The roof trusses are untreated lumber. The subroofing is battens/skip roofing. The washhouse roof is asphalt roll roofing.

Due to the age of the structure the roof edges are not equipped with hurricane clips. The attic space/under roof areas are vented with screened frieze board vents. The flashing materials were copper where the roof pitch changes. The ridge areas are also flashed with copper flashing.

### *Recommendations:*

Normal Typical Maintenance - see Home Maintenance Section 7.1 (Wooden roofs) 7.5 (Hurricane clips) 7.6 (Gutters and downspouts) 7.7 (Attic ventilation) 7.8 (Insulation)

## Irrigation System

### *Conditions/observations:*

There is an automatic irrigation system. The system was in working condition at the time of the inspection.

Side note: Minor adjustments and maintenance are typical and important in maintaining these systems.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 2.3 (Irrigation systems)  
Note: For large repairs or additions to the system I suggest that you check out the irrigation products at Irrigation Systems Inc. 368 Lehuakona St (near Lowe's Hardware) - phone 871-5459 Replacement parts can also be obtained at hardware stores such as Ace, Lowe's and The Home Depot. If you need a professional for repairs or maintenance I suggest that you call Dan Jofi - The SprinklerMan - he installs and services irrigation systems 280-1051.

## Swimming Pool

***Conditions/observations:***

Note: the type of inspection which I perform on the pool and equipment is superficial. I check for proper bonding of the equipment and see if there are any signs of leakage or malfunction. Leaks in underground piping cannot be detected without specialized equipment. If you suspect underground leakage and you want to have this checked I recommend that you contact American Leak Detection of Hawaii - Leak Busters in Oahu at 808 - 595-5325. This service costs approximately \$800.00 An exhaustive pool inspection can take from two to three hours and is beyond the scope of this inspection.

The inground pool was in good condition. The interior of the pool was tiled in 2003. The pump, circulators, skimmers, cleaners, heater and filter were in working order. The equipment was properly bonded. All the pool equipment has been replaced during the time frame of 2003-2004. Photos 200, 201 & 205.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - Periodically call in a qualified pool company and have the entire system and water chemistry checked.<sup>3</sup>

# Mechanicals

## Electrical System

***Conditions/observations:***

The main panels and meters (Square D panels) are located on the right sides of the buildings. The structures' units are equipped with 100 amp underground electrical service with circuit breakers for main over current protection. There are 4 meters on the front building and 3 meters on the rear building.

The extra meter is for the house circuitry (pool equipment, landscape lights, fountain, icemaker, bar and barbecue outlets, etc...) The pool lights are GFCI protected. The barbecue outlets are also GFCI protected. This is a 70 amp service.

Side note: on the side of the barbecue area the outlet is being used for the rope lights in the bar / cabana area. Technically this outlet should have an In-Use cover. Photo 028.

Side note: the York timer is not functional and is being used as an electrical junction box. Photo 021.

The upper level lanai outlets are not GFCI protected and are not in weather protective covers. It is not code but would be a prudent upgrade.

**Photos:** Front building 015 & 018 - 015.

There are branch/subpanel panels in every unit. There is also a subpanel near the air conditioners on the left side of the front building. The sub/branch panel over current devices are circuit breakers. The service is 120/240 volts. The branch wiring is nonmetallic shielded copper cable.

Switches and a representative amount of receptacles were tested, there were no evident major problems. The buildings are equipped with GFCI protected circuits/outlets for the kitchens and bathrooms. The bedroom area circuits have been upgraded with AFCI protected breakers.

Note: GFCI's or Ground Fault Circuit Interrupters - they protect you from serious shock. Newer Electrical code requires GFCI circuits. They are installed in any damp area or within 6 feet of a water source, naturally in the kitchens, bathrooms, and exterior receptacles.

There are Arc fault breakers for the bedroom areas. Typical household fuses and circuit breakers do not respond to early arcing and sparking conditions in home wiring. By the time a fuse or circuit breaker opens a circuit to defuse these conditions, a fire may already have begun. A new electrical safety device for homes, called an arc fault circuit interrupter or AFCI, is expected to provide enhanced protection from fires resulting from these unsafe home wiring conditions.

AFCIs should not be confused with ground fault circuit interrupters or GFCIs. The popular GFCI devices are designed to provide protection from the serious consequences of electric shock. While both AFCIs and GFCIs are important safety devices, they have different functions. AFCIs are intended to address fire hazards; GFCIs address shock hazards. AFCIs are already recognized for their effectiveness in preventing fires. The most recent edition of the National Electrical Code, the widely adopted model code for electrical wiring, requires AFCIs for bedroom circuits in new residential construction, effective January 2002.

Subpanel locations:

**Owners suite**

The subpanel is located in the hallway at the main entry.

**Pikake studio**

The subpanel is located in the owner's suite (right side hallway).

**Bamboo suite**

The subpanel is located in the hallway at the main entry.

**Gardenia suite**

The subpanel is located in the hallway at the main entry.

**Lotus suite**

The subpanel is located in the hallway at the main entry.

**Orchid suite**

The subpanel is located in the hallway at the main entry.

Side note: in the Gardenia Suite there is a defective phone jack in the kitchen - an alternate jack in the closet with a wireless phone was being used.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 8.1 (Electrical) Install an In-Use cover on the outlet on the side of the barbecue island (the outlet being used for the rope lights of the bar/cabana area).<sup>4</sup> Consider upgrading the upper level exterior outlets to GFCI protected outlets in weather protective covers.<sup>5</sup>

Side note: According to newer national Electric Code In-Use Wet Location Covers should be installed anywhere you have permanently installed in-use plugs outdoors or in potentially wet areas.

If it is your intention to use a computer I suggest that you consider using an uninterrupted power supply with surge suppression. I also suggest that you surge suppress the telephone line connection to your modem. APC makes a unit called "Back UPS ® Office" which contains 6 outlets: 3 battery backup and 3 surge protectors and with phone line surge protection. The unit sells for approximately \$40.00 - higher priced units have longer run times. Whole house surge protection is also available or protection for individual circuits - talk to a qualified electrician about this type of protection especially if you have expensive digital equipment.

## **Water**

***Conditions/observations:***

The property is supplied with water by the public water supply system. The meter, main and a backflow diverter are located at the front left corner of the property. Photos 004, 005 & 006. There was adequate pressure and functional flow. There are main shut of valves for the individual units located near the water heaters.

***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 8.2 (Water filtration) Consider installing a reverse osmosis water filtration system for your cooking and drinking water needs.

Note: Reverse Osmosis water filtration systems range in price from \$300 to \$900 here on Maui. (Note: Costco carries a quality five stage R.O. Filtration system for \$154.99 and a year's supply of filters for \$30.00) All R.O. Filtration systems have the same basic components but filtering mechanisms may vary. They are available through several sources, check the yellow pages. Here are several companies which I suggest you contact: The Waterstore in Kahului (near Blockbuster video), Lahaina Pure Water, The Water Man & Western Slope Water - rental programs are also available which include all maintenance and servicing. Check prices, components and maintenance agreements. Two different filter membranes are available - Thin Film Composite (TFC) membranes are the same type which are used in commercial systems and is superior to the Cellulose tri-acetate (CTA). There are also different grades of charcoal filters available - coarse and fine - the fine filters contain at least twice the surface area and last about twice as long. Note: some systems, not all, are equipped with an automatic water shut off when the system is full.

Side note: When having the system installed it requires a hookup to the cold water line. Typically this is done with a piercing saddle valve. I do not recommend the use of a saddle valve as they corrode and leak within a few years. A better alternative would be to install either an adapter (available at major hardware stores - Ace Marmac in Kahului carries them for under \$10.00) or install a double valve with a 1/4 inch take off on the cold water supplyline beneath the kitchen sink. If you have an ice maker or water dispenser on the refrigerator be sure to connect it to the supply line from the R.O. Filter system.

## Plumbing

### ***Conditions/observations:***

The main supply lines are copper piping. The wastelines are ABS (plastic) and cast iron piping. All accessible plumbing lines were in typical condition for their age.

### ***Recommendations:***

Normal Typical Maintenance - see Home Maintenance Section - 8.3 (Plumbing)

## Waste System

### ***Conditions/observations:***

The structure is attached to the public waste system. At the time of the inspection the system was in proper operating condition. There was functional drainage.

### ***Recommendations:***

Normal Typical Maintenance

## Hot Water Systems

### *Conditions/observations:*

All the water heaters were in operating condition and there were no signs of leakage.

- **Pikake studio.** The water heater is located inside the owner unit - right end closet - the closet which contains the washer/dryer. (It was not fully accessible due to items in storage. Photo 186.
- **Bamboo Suite** Bradford White, 47 gallon (model MI50L6DS13 serial YG1708660) manufactured 7/2002. (photos 088 & 089)
- **Gardenia Suite** GE SmartWater model GE40S6AB00 serial 0703246355 - 40 gallon unit manufactured 7/ 2003. - 6 year warranty (photos 107, 108 & 109)
- **Lotus Suite** Ruud Ruudglas Pacemaker - 50 gallon unit manufactured 10 /1996 - (photos 134, 135 & 136.)
- **Orchid Suite** Richmond - 47 gallon unit manufactured 09/1996 - 5 year warranty (photos 166, 167 & 168.)
- **Owner's suite** The Water heater is located in the office -the panel in front of the unit could not be removed and the Brand and condition of the unit could not be determined.
- **Washhouse** The propane water heater for the washhouse is a GE SmartWater 50 gallon heater. Model GP50T6A serial 0503V2996 (manufactured in 5/2003) - 6 year warranty. (Photos 206 & 207).

The pressure relief valve has not been extended.

There was no vent stack on the top of the water heater. Technically because this is an exterior unit it does not require a vent stack. When it comes time to replace this unit I recommend that a demand /tankless water heater be installed such as a Paloma or Bosch unit.

Side notes: replacement costs for water heaters is approximately \$800.00 Typically you get 15 plus years on Rheem & Ruud units. The GE units and the Richmond units have a 5 and 6 year warranty.

### *Recommendations:*

Extend the pressure relief valve on the water heater for the washhouse.<sup>6</sup> When extending the pressure relief valve on the water heater point it downward and terminate it at the base of the water heater approximately 3 - 6 inches from the ground. This will help prevent anyone in the area from being scalded in the event it activates. The size of the piping should be the same size as the opening on the relief valve - it should never be reduced in size.

Side note: As you replace the water heaters within the units I recommend that you have catch pans installed beneath the tanks. Also consider installing Flood Alert sensors in the pans.

Normal Typical Maintenance - see Home Maintenance Section - 11.1 (Gas units) 11.2 (Electric units) 11.3 (Gray Box timer) 11.4 (Solar systems) 11.5 Maintenance for all style hot water heater tanks)

## Propane

### *Conditions/observations:*

The property is equipped with propane service. The tank is located to the right of the parking area. The tank is protected by concrete filled piping. The supplyline piping is threaded iron pipe. There were no evident problems associated with the system. The appliances are equipped with shut off valves.

### *Recommendations:*

Be sure not to let the propane tank run low as this will cause low pressure and the appliances will typically burn dirty and soot up. Normal Typical Maintenance

## Air Conditioning

### *Conditions/observations:*

The air conditioning systems (Fujitsu ductless split systems) were replaced in 2003. The Goodman unit in the Owner's suite living room was not replaced.

Side note: The typical serviceable life of these units is between 8 - 10 years with maintenance.

- The air conditioning system in the lower level of the front building Owner's suite living room was not functional and is in need of replacement. This is a Goodman ductless split system. The upper level unit is a Fujitsu in proper operating condition.

### *Recommendations:*

Have the air conditioner for the Owner's suite living room replaced.<sup>7</sup> Normal Typical Maintenance - see Home Maintenance Section - 15.1 (Central air conditioning) 15.2 (Room air conditioners)

# Interior Components

## Walls, Ceilings and Floors

### *Conditions/observations:*

The interior sections of the structure are in good condition. The walls and ceilings are drywall/sheetrock.. The flooring was a combination of ceramic tile, and wall to wall carpeting. The interior stairways are equipped with handrailings. The owner's suite is

equipped with a spiral stairway.

- **Pikake studio** Photos 060a - 075.  
The carpeting is in need of stretching.
- **Bamboo Suite** Photos 076 - 101.
- **Gardenia Suite** Photos 102 - 123.  
The carpeting is in need of stretching.
- **Lotus Suite** Photos 124 - 151.
- **Orchid Suite** Photos 153 - 180.
- **Owner's suite** Photos - 181 - 199.

***Recommendations:***

Have the carpets stretched in the Pikake studio and in the Gardenia bedroom.<sup>8</sup> Normal Typical Maintenance - see Home Maintenance Section - 1.4 (Interior painting) 5.1 (Windows & Doors)

**Side Notes on Mold & Mildew**

Although mold and mildew are not specifically addressed it should be noted that in a thorough home inspection I am looking for signs of water intrusion, leaks, poor building practices, and improper ventilation. I also test the relative humidity, temperature and calculate the dew point at the time of the inspection to determine the likelihood of conditions conducive to mold, mildew and fungi development. If I see any suspect areas I will bring it to your attention and make recommendations concerning remediation. There were no areas of concern noted.

Mold, mildew and fungi are opportunistic organisms. Spores for all types of mold and mildew lay dormant waiting for the proper conditions to occur. The addition of moisture and poor ventilation are ideal conditions for these organisms to flourish. Under the right conditions colonies can become established in as little as 3 to 4 days. We do not normally recommend swab testing or air quality testing for mold or mold spores during a normal home inspection unless you know you have specific allergies to specific mold types. Mold spores are present everywhere, testing for them is an unnecessary expense which can cost \$1,000 and up.

Mold and related organisms are "symptoms of conditions" which requires further investigation to determine the reason for its occurrence. Remediation techniques for all mold, mildew and fungi are the same no matter what type is present. Your money is better spent in correcting the conditions which caused the mold in the first place, and not in determining the types of mold that are present. If moisture is eliminated or kept to minimum mold and fungi cannot thrive. The only time that I recommend that you have mold testing done is when a large scale remediation project is undertaken and then so by a qualified industrial hygienist.

People are sensitive to mold and mildew to various degrees. Stachybotrys, Penicillium, Cladosporium and Aspergillus which are commonly found in indoor environments can cause symptoms in exposed people ranging from mild allergic reactions to severe. Persons with chronic exposure to these toxins report cold or flu like symptoms with sore throat,

diarrhea, headaches, fatigue, dermatitis, intermittent local hair loss and general malaise. The toxins may also suppress the immune system. People with suppressed immune systems, elderly and infants may be particularly susceptible to the effects of these inhaled mycotoxins. As a safety precaution be sure to wear protective clothing, latex gloves, eye protection and a respirator when cleaning or repairing any suspected moldy or mildewed areas. For more information check out The EPA Website at <http://www.epa.gov/iaq/molds/>

**Recommendations:**

Wash down any discolored areas of the walls with soap and water and/or a mild bleach and water solution - approximately a 10% solution. Do not exceed this concentration or use full strength bleach - this will change the pH of the materials and can help promote mold growth. A better alternative would be to use a Borax Disinfectant and Mold Killer: 1 tsp-1/4 cup borax, up to 2 cups hot water. Wash the area then rinse well. For areas with heavier mold or discoloration, use a higher concentration of borax. If water damaged materials require replacement I recommend that you treat the exposed wall and ceiling cavity areas with a Boron based preservative prior to replacing the finish materials. Several well known products are Bora-Care® and Timbor®. The Home Depot carries a locally produced Boron based preservative called Clear-bor®. Boron based products are relatively benign and are highly affective.

Prior to painting I recommend that the walls be washed with Soilax® or a TSP substitute. Any discolored areas should be sealed/primed with Kilz® or B.I.N. Stain killer® When repainting consider adding a mildewcide to the paint. I also recommend that you keep furnishings several inches away from the walls to help promote good air circulation. If you have air conditioning periodically check the condensate drain to ensure that it is properly draining. Periodically check and clean the condensate drain pan beneath your refrigerator. Remember reducing relative humidity with a dehumidifier or an air conditioner, repairing any leaking pipes or roof leaks, providing adequate air movement and plenty of light will reduce the potential for mold, mildew and fungi.

## **Kitchens & Appliances**

***Conditions/observations:***

**Bamboo Suite - Gardenia Suite - Lotus Suite - Orchid Suite**

The kitchens have adequate cabinet and formica counter space. The appliances in these units are the same. All the appliances were in proper operating condition. There was no radiation leakage from the microwave ovens. The kitchen appliances were replace in 2003.

Side note: The normal serviceable life span of kitchen appliances is 10 - 12 years.

**The Appliances:**

- Frigidaire electric ranges with infrared cooktops.
- KitchenAide dishwashers.
- Magic Chef microwave ovens
- GE refrigerator/freezers.

- ISE Badger 5 garbage disposals.

Antisiphon : **Bamboo suite & Lotus suite**: there was not an adequate loop in the discharge line from the dishwasher to the disposal to prevent back siphoning. The Gardenia suite has an adequate loop but could use a clamp to keep it in place.

Create an adequate loop in the wasteline between the dishwasher and the disposal to prevent back siphoning. The wasteline should go up to the bottom of the counter, then back down to below the garbage disposal and then back up to the port on the side of the garbage disposal. Be sure not to kink the line and install a pipe clamp if necessary.

**Pikake Studio** is equipped with a kitchenette area. There is a Magic Chef microwave oven and an apartment sized GE refrigerator/freezer.

#### **Owner's suite**

The kitchen is equipped with adequate cabinet and granite tile counters.

The appliances:

- Jenn Air range with propane cooktop and electric oven. The oven temperature was approximately 15 degrees cooler than its setting (check the owner's manual for the procedure for calibrating the oven temperature).
- Kitchenaid refrigerator freezer with icemaker.
- Badger 5 1/2/ hp garbage disposal.
- Sharp Carousel Microwave.
- Bosch stack washer and dryer.

All ceiling fans were in working condition.

#### **WashHouse**

There are 2 Whirlpool stack washers/dryers in the washhouse at the right rear of the property.

- The dryer vents share the same venting system. (Photo 203)
- The dryer vent hood was warped (probably due to the excessive heat). (Photo 204)
- It was noted that the exhaust air was backing up into the right dryer when the left dryer was in operation. They should be on separate venting systems with separate backdraft dryer vent hoods.

The smoke detectors were in working condition.

#### **Recommendations:**

Create adequate loops in the discharge lines from the dishwashers to the disposals and clamp the lines in place.<sup>9</sup> When installing or replacing a dryer vent duct connector be sure to use a semi rigid / flexible aluminum dryer vent duct connector.<sup>10</sup> Check and clean the dryer vent duct connector at least 2 to 3 times a year.<sup>11</sup> This will help reduce the risk of a lint fire as well as improve the efficiency of the dryer. If the dryer vent duct connector is connected to a venting system have the vent duct checked and cleaned at least once a year. When replacing the hoses to the washers I recommend that you consider installing the

burst resistant braided stainless steel style hoses.<sup>12</sup> Normal Typical Maintenance - see Home Maintenance Section - 14.1 (Appliances)

Specs for a proper dryer vent:

- The dryer vent duct connector must be a flexible metal with a maximum length of 6 - 8 feet.
- The connector should not be concealed in the construction.
- The ductwork should be smooth metal with no screws in the air stream.
- The maximum length of the dryer vent duct should be 14 feet which may include two 90 degree bends. For any additional 90 degree bends subtract 2 feet per bend. Or a maximum of 25 feet minus 2.5 feet for every 45 degree bend or 5 feet for every 90 degree bend.
- The dryer vent duct should terminate outside in a self closing backdraft damper (dryer vent hood) - with no screens.

## Bathrooms

### *Conditions/observations:*

All the bathrooms were gutted and remodeled in 2003. The bathrooms are equipped with standard fixtures in good operating condition. There were no signs of current leakage.

There is an exterior rest room on the right side of the rear building. Photos 050, 051 & 052.

### *Recommendations:*

Normal Typical Maintenance - see Home Maintenance Section - 13.1 (Bathrooms) For cleaning and polishing fiberglass or cultured marble surfaces I recommend Gel Gloss®. This can also be used to clean the vinyl framing on windows.

Side note: plastic piping is only hand tightened and periodically it should be checked - the typical expansion and contraction which plastic undergoes can cause the connections on the traps to loosen. Be sure not to overtighten the connections, they will strip if tightened too much, they should just be snug.

# Repairs and Items Requiring Attention

Please do not rely solely on this list - be sure to read the entire report and Detailed Sections.

1. Cosmetically repair the dryrotted trim at the base of the front center entry door and on the rear center entry door (to the Pikake studio) on the front building.
2. The sliding glass doors and screens are in need of servicing and possible roller replacement - try cleaning and lubrication with a silicone based spray lubricant first - not WD-40.
3. Periodically call in a qualified pool company and have a comprehensive pool inspection. Have all the system's components and water chemistry checked.
4. Install an In-Use cover on the outlet on the side of the barbecue island (the outlet being used for the rope lights of the bar/cabana area).
5. Consider upgrading the upper level exterior outlets to GFCI protected outlets in weather protective covers.
6. Extend the pressure relief valve on the water heater for the washhouse.
7. Have the air conditioner for the Owner's suite living room replaced.
8. Have the carpets stretched in the Pikake studio and in the Gardenia bedroom.
9. Create adequate loops in the discharge lines from the dishwashers to the disposals (Bamboo and Lotus Suites) to prevent back siphoning and clamp the lines in place. (Bamboo, Lotus and Gardenia Suites)
10. When installing or replacing a dryer vent duct connector be sure to use a semi rigid / flexible aluminum dryer vent duct connector.
11. Check and clean the dryer vent duct connector at least 2 to 3 times a year.
12. When replacing the hoses to the washers I recommend that you consider installing the burst resistant braided stainless steel style hoses.

END OF EXHIBIT "J"

RECEIPT FOR PUBLIC REPORT(S) AND NOTICE OF RIGHT TO CANCEL

I acknowledge receipt of the Developer's Final Public Report(s) and Disclosure Abstract, contained in the public report, in connection with my purchase of apartment(s) \_\_\_\_\_ (Apt. No.) in the Aloha Pualani (Name of Condominium Project).

I understand that I have a legal right under Hawaii law to cancel my purchase, if I desire to do so, without any penalty or obligation within thirty (30) days from the date the above Public Report(s) was delivered to me. If I cancel, I understand that I will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs, up to \$250.

If I decide to cancel, I understand that I can do so by notifying Aloha Pualani Properties, LLC, 15 Wailana Place, Kihei, Maui, Hawaii 96753 by mail or telegram sent before: (1) the conveyance of my apartment(s) to me; or (2) midnight of the thirtieth day after delivery of the Public Report(s) to me, whichever is earlier. If I send or deliver my written notice some other way, it must be delivered to the above address no later than that time. I understand that I can use any written statement that is signed and dated by me and states my intention to cancel, or I may use this notice by checking the appropriate box and by signing and dating below.

I understand that if I do not act within the above thirty-day period or if the apartment is conveyed to me within the above thirty-day period, I will be considered to have executed this receipt and to have waived my right to cancel my purchase. I also understand that I can waive my right to cancel by checking the appropriate box, by signing and dating below, and by returning this notice to Aloha Pualani Properties, LLC.

I HAVE RECEIVED A COPY OF:

- (1) THE DEVELOPER'S FINAL PUBLIC REPORT(S) ON \_\_\_\_\_; AND
(2) THE DISCLOSURE ABSTRACT CONTAINED IN THE PUBLIC REPORT.

Purchaser's Signature \_\_\_\_\_ Date \_\_\_\_\_
Purchaser's Signature \_\_\_\_\_ Date \_\_\_\_\_

=====

I HAVE HAD AN OPPORTUNITY TO READ THE PUBLIC REPORT(S) AND

[ ] I WAIVE MY RIGHT TO CANCEL. [ ] I HEREBY EXERCISE MY RIGHT TO CANCEL.

Purchaser's Signature \_\_\_\_\_ Date \_\_\_\_\_
Purchaser's Signature \_\_\_\_\_ Date \_\_\_\_\_