

CONDOMINIUM PUBLIC REPORT

Prepared & Issued By:

Developer Spencer D. Sargent, Priscilla Sargent, Jeffrey B. Tarpey and Tara A. S. Tarpey
Address P.O. Box 959-515, Kihei, Hawaii 96753

Project Name (*): Sargent/Tarpey Condominium
Address: 25 and 57 Lau Niu Way, Lahaina, Hawaii 96761

Registration No. 6084

Effective Date: February 28, 2007
Expiration Date: March 28, 2008

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required – disclosures covered in this report.

Summary of Changes from Earlier Public Report:

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

No prior reports have been issued by the developer

Changes made are as follows:

SPECIAL ATTENTION

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

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

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property. Apartment A is an existing farm dwelling, and Apartment B is an existing farm dwelling.
2. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
3. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.
4. The condominium is served potable water by a private water company, operating under permits issued by the State of Hawaii, Public Utilities Commission. Currently the condominium has two potable water meters for domestic water use. Each apartment, and its appurtenant limited common element area, shall have the exclusive use of one potable water meter, to be designated by Declarant. Also, irrigation (non-potable) water is available from a separate private water company. Currently the condominium has two irrigation water meters. Each apartment and its appurtenant limited common element shall have the exclusive use of one irrigation water meter, to be designated by Declarant. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection.

There may be restrictions placed on the amount of potable, domestic water available to the condominium, as stated in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision at Launiupoko, dated July 19, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-114891, as amended. In the event a limit was enforced, the current limit for this condominium is 2500 gallons per day or 75,000 gallons per month. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL, AN ENGINEER AND BUYER'S INSURANCE CARRIER IN ORDER TO EVALUATE THE RISKS AFFECTING THE PROPERTY.

5. Each apartment has its own septic disposal system. The approximate locations of the system appurtenant to each apartment are shown on the Condominium Map. County sewer service is not available. The owner of each apartment shall be responsible for the cost of maintaining, operating and/or replacing said apartment's system. This may include upgrading the system as required by the proper governmental agency from time to time. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of said system.
6. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agriculture-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, County approval of farm plans shall be required as well as actual ongoing implementation. Dwellings may only be constructed and used as "farm dwellings". BUYER SHOULD CONSULT WITH AN ATTORNEY OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.
7. Recently enacted State law prohibits all restrictions on agricultural uses and activities on agricultural zoned land. Any such restrictions are invalid if created after July, 2003. BUYER UNDERSTANDS THAT ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO BUYER.
8. Under the current zoning ordinance, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1000 square feet or less are permitted, and no other dwellings. Apartment B was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded beyond this limitation, and Apartment A was designated as the full size farm dwelling. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Spencer D. Sargent, Priscilla Sargent, Phone: (808) 280-6836
Jeffrey B. Tarpey and Tara A. S. Tarpey _____
 Name* (Business)
P.O. Box 959-515
 Business Address
Kihei, Hawaii 96753

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

N/A

Real Estate Robert P. Enterprises, LLC, a Hawaii
 limited liability company
 Broker*: dba: REMAX Premiere Properties Phone: (808) 875-5054
Name _____ (Business)
115 Lipoa Street, Suite 107
 Business Address
Kihei, Hawaii 96753

Escrow: First Hawaii Title Corporation Phone: (808) 871-7124
Name _____ (Business)
33 Lono Avenue, Suite 240
 Business Address
Kahului, Hawaii 96732

General Curtis W. Welch Phone: (808) 662-0881
 Contractor*: Name _____ (Business)
747 Kai Hele Ku Street
 Business Address
Lahaina, Hawaii 96761

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

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

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2006-116852
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 4264
 Filed - Land Court: Condo Map No. _____

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

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. 2006-116853
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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

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

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owner/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

- Other: Note: The County has not approved the subdivision of the units and their limited common elements into individual subdivided lots. They are being sold as condominiums only.

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 25 and 57 Lau Niu Way Tax Map Key (TMK): (2nd) 4-7-010-078
Lahaina, Hawaii 96761

Address TMK is expected to change because N/A

Land Area: 3.665 square feet acres(s) Zoning: Agriculture*

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

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

Fee Owner: Spencer D. Sargent and Priscilla Sargent, husband and wife, and Jeffrey B. Tarpey and Tara A. S. Tarpey, husband and wife
 Name
P.O. Box 959-515
 Address
Kihei, Hawaii 96753

Lessor: N/A
 Name
 Address

C. Buildings and Other Improvements:

1. New Buildings
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: Apt. B: 1
Apt. A: 2
 Exhibit A contains further explanations.

3. Principal Construction Materials:
 Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted Use by Zoning:

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

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

7. Parking Stalls:

Total Parking Stalls: 4*

	<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>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: _____	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>4*</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>4</u>

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

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

* Apartment A has an attached, two-car garage. Apartment B has a detached two-car garage. Each apartment will have the right to park in the limited common element appurtenant to said apartment.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming Pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: (a) the Common Element Driveway as shown on the Condominium Map; (b) a non-exclusive, perpetual easement for roadway purposes over Kai Hele Ku Street of the Mahanalua Nui subdivision; (c) non-exclusive perpetual easements for roadway purposes (roads within the Mahanalua Nui Subdivision Phases I, II, III and IV); and (d) any other easements and rights appurtenant to the Property.

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

There are no violations

Violations will not be cured.

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

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

Not Applicable

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>	<u> </u>	<u> </u>
Structures	<u>All</u>	<u> </u>	<u> </u>
Lot	<u>Yes</u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit A.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit A*.

as follows:

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

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

described in Exhibit _____.

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

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

Exhibit B describes the encumbrances against the title contained in the title report dated June 15, 2006 and issued by Commonwealth Land Title Insurance Company.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage in favor of Wells Fargo Bank, N.A. dated June 27, 2005, recorded as Document No. 2005-129714, in the principal amount of \$1,242,200.00	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fee. All mortgage liens will be paid in full out of the proceeds of the sale of the first apartment and the apartments will be released from the liens at that time.

F. Construction Warranties:

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

1. Building and Other Improvements

For each apartment and the garage, the general contractor will provide a warranty against structural defects for one year from February 17, 2006.

2. Appliances:

Developer will pass on to buyers all manufacturers warranties which have been provided for appliances.

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

Notice of Completion for Apartment A was published on February 17, 2006 and again on February 24, 2006.
Notice of Completion for Apartment B was published on February 17, 2006 and again on February 24, 2006.
Notice of Completion for the garage appurtenant to Apartment B was published on February 17, 2006 and again on February 24, 2006.

H. Project Phases:

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

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

(But see item C.6 above concerning each apartment owner's right to alter, expand or relocate each apartment.)

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

None Electricity (Common Elements Only Common Elements & Apartments)
 Gas (Common Elements Only Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

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 D contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement Date June 15, 2006
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission
- B) Declaration of Condominium Property Regime, as amended
- C) Bylaws of the Association of Apartment Owners, as amended
- D) House Rules, if any
- E) Condominium Map, as amended
- F) Escrow Agreement
- G) Hawaii's Condominium Property Act (Chapter 514A HRS, as amended) and Hawaii Administrative Rules. (Chapter 16-107, adopted by the Real Estate Commission, as amended)
- H) Other All items listed on Exhibit "B" attached hereto.

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

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6084 filed with the Real Estate Commission on July 17, 2006.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

1. Water and Fire Protection. The condominium is served potable water by a private water company, operating under permits issued by the State of Hawaii, Public Utilities Commission. Currently the condominium has two potable water meters for domestic water use. Each apartment, and its appurtenant limited common element area, shall have the exclusive use of one potable water meter, to be designated by Declarant. Also, irrigation (non-potable) water is available from a separate private water company. Currently the condominium has two irrigation water meters. Each apartment and its appurtenant limited common element shall have the exclusive use of one irrigation water meter, to be designated by Declarant. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection.

There may be restrictions placed on the amount of potable, domestic water available to the condominium, as stated in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision at Launiupoko, dated July 19, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-114891, as amended. In the event a limit was enforced, the current limit for this condominium is 2500 gallons per day or 75,000 gallons per month. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL, AN ENGINEER AND BUYER'S INSURANCE CARRIER IN ORDER TO EVALUATE THE RISKS AFFECTING THE PROPERTY.

2. Mailboxes. Each apartment has its own separate mailbox.

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

4. Mahanalua Nui Subdivision. Lot 14 of Mahanalua Nui Subdivision, Phase IV is a member of Mahanalua Nui Homeowners Association, Inc., which is the association formed for the Mahanalua Nui Subdivision as a whole for the purpose of holding, maintaining, operating and managing all of the common areas and facilities of the subdivision. These consist of paved roadways (including Kei Hele Ku Street, Wailau Place, and Lau Niu Way), a drainage system, and archaeological recreational sites and trails as easements, and public and private parks. The subdivision has been registered with the State of Hawaii Department of Commerce and Consumer Affairs under Hawaii Revised Statutes Chapter 484, and a Public Offering Statement for the subdivision has been issued. IT IS RECOMMENDED THAT THE BUYER OF EACH CONDOMINIUM UNIT OBTAIN A COPY OF THE MOST RECENT PUBLIC OFFERING STATEMENT FOR THE SUBDIVISION. THE STATEMENT CONTAINS MANY IMPORTANT DESCRIPTIONS ABOUT THE SUBDIVISION AS A WHOLE, AS WELL AS THE OPERATIONS AND MANAGEMENT OF THE HOMEOWNERS ASSOCIATION, ITS BUDGETS AND RESERVES.

Each condominium owner will be a separate member of said Association and will pay its share of Association assessments as provided in the Mahanalua Nui Declaration of Covenants, Conditions and Restrictions, as amended.

5. Limitations. Under the current zoning ordinance, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1000 square feet or less are permitted, and no other dwellings. Apartment B was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded beyond this limitation, and Apartment A was designated as the full size farm dwelling. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.

6. Agreements/Easements on Record. The title is encumbered by several agreements and easements described as items 1-25 on Exhibit B. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL FOR ADDITIONAL INFORMATION.

7. Fire Protection. The property is subject to agreements with the County of Maui acknowledging that the County has no water system servicing the property and further that the County is not responsible for providing water service or fire protection. BUYER SHOULD CONSULT AN ENGINEER AND BUYER'S INSURANCE CARRIER IN ORDER TO EVALUATE THE RISKS AFFECTING THIS PROPERTY.

8. Agricultural Uses. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agriculture-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, County approval of farm plans shall be required as well as actual ongoing implementation. Dwellings may only be constructed and used as "farm dwellings". BUYER SHOULD CONSULT WITH AN ATTORNEY OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.

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

11. Zoning and Land Use Violations. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.

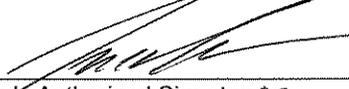
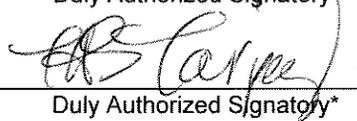
12. Utility Easements. The Land as a whole is encumbered by a blanket easement in favor of Maui Electric Co., Ltd. and Hawaiian Telcom (formerly Verizon Hawaii Inc.), dated May 25, 1999 recorded as Document No. 99-101191. Buyers are informed that they may in the future request to the utility companies that the blanket easement be amended to pertain only to the location of the easement holder's physical facilities, and not to the remainder of the Property.

13. Electrical Transmission Lines. A regional electrical transmission line runs along one boundary of the property. This may be unsightly and involve risks of noise and electromagnetic fields. Health risks associated with such lines have been suggested.

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.

Spencer D. Sargent and Priscilla Sargent, husband and wife, and
Jeffrey B. Tarpey and Tara A. S. Tarpey, husband and wife
Printed Name of Developer

By:	 Duly Authorized Signatory*	June 15, 2006 Date
By:	 Duly Authorized Signatory*	June 15, 2006 Date
By:	 Duly Authorized Signatory*	June 15, 2006 Date
By:	 Duly Authorized Signatory*	June 15, 2006 Date

Spencer D. Sargent and Priscilla Sargent (By: Spencer D. Sargent, her Attorney-in-fact), husband and wife, and Jeffrey B. Tarpey and Tara A. S. Tarpey, husband and wife: Owners / Developer
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT A

SARGENT/TARPEY CONDOMINIUM

DESCRIPTION OF BUILDINGS:

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

DESCRIPTION OF APARTMENTS:

The condominium shall consist of two (2) apartments designated Apartment "A" and Apartment "B", with Apartment "A" the eastern most and Apartment "B" the western most. Each apartment is shown on the Condominium File Plan.

Apartment "A" is a two-story farm dwelling, containing 2,334 square feet of net living area, and includes four bedrooms, two bathrooms and a powder room (a one-half bathroom), a kitchen, living room, dining room, family room, library/audio/visual room, laundry room, foyer, entry, walk-in-closets and other closet spaces, covered decks (including 694 square feet of area), and an attached garage (including 480 square feet of area).

Apartment "B" is a one-story farm dwelling containing 948 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, living room, eating area, closet spaces and covered lanai (including 453 square feet of area).

Apartment A has direct access to its appurtenant limited common element on which the apartment is located, which in turn provides access to a common element driveway, which in turn provides access to a private roadway (Lau Niu Way), which provides access to a private roadway (Wailau Place), which provides access to a private roadway (Kai Hele Ku Street), which provides access to a public road (Honoapiilani Highway).

Apartment B has direct access to its appurtenant limited common element on which the apartment is located, which in turn provides access to an easement ("A-1"), which provides access to a common element driveway, which in turn provides access to a private roadway (Lau Niu Way), which provides access to a private roadway (Wailau Place), which provides access to a private roadway (Kai Hele Ku Street), which provides access to a public road (Honoapiilani Highway).

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

LOCATION, RELOCATION, AND NUMBERING OF APARTMENTS:

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

APPROXIMATE FLOOR AREA OF APARTMENTS:

<u>Apartment</u>	<u>Floor Area</u>
A	2,334 square feet of net living area 694 square feet of covered decks 480 square feet of garage
B	948 square feet of net living area 453 square feet of covered lanai

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

COMMON ELEMENTS:

The common elements include (a) the land in fee simple; (b) the Common Element Driveway as shown on the Condominium Map; (c) a non-exclusive, perpetual easement for roadway purposes over Kai Hele Ku Street of the Mahanalua Nui subdivision; (d) non-exclusive perpetual easements for roadway purposes (roads within the Mahanalua Nui Subdivision Phases 1, 2, 3 and 4); (e) any other easements and rights appurtenant to the Property and (f) the limited common elements described below. The common elements shall also include any other utility installations serving more than one apartment.

LIMITED COMMON ELEMENTS:

Each apartment has appurtenant to it and for its exclusive use the land described in the condominium file plan as appurtenant thereto. The file plan describes these areas as "Limited Common Element A" appurtenant to Apartment A and "Limited Common Element B" appurtenant to Apartment B. Each area is appurtenant to and for the exclusive use of its apartment and which is physically located on said limited common element as shown on the condominium file plan. Each limited common element includes the land located underneath the apartment located thereon. Also, appurtenant to Apartment "B" is a freestanding garage including 912 square feet of area, (including a garage, laundry room, bathroom and workshop) as a limited common element.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Free flowage of Launiupoko Stream.

4. Lease of Right-of-Way in favor of Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, now known as Hawaiian Telcom, Inc., dated October 13, 1967, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5893 on Page 226, for the purpose of granting rights-of-way, each twenty-five (25) feet in width, to build, construct, rebuild, repair, maintain and operate pole and wire lines, etc., as may be necessary for the transmission of electricity.

This does not affect the condominium land.

5. Grant in favor of Maui Electric Company, Limited dated November 18, 1974, and recorded in the said Bureau of Conveyances in Liber 10268 on Page 94, for the purpose of granting a perpetual right and easement to build, construct, rebuild, repair, maintain and operate pole and wire lines, etc., as may be necessary for the transmission and distribution of electricity.

This is a blanket easement encumbering Mahanalua Nui Subdivision as a whole and will not adversely impact the use or enjoyment of the units in this condominium.

6. Subdivision Agreement (Agricultural Use) by and between Pioneer Mill Company, Limited and the County of Maui, through its Department of Public Works, a body politic and corporate, and a political subdivision of the State of Hawaii, dated June 18, 1992, and recorded in the said Bureau of Conveyances as Document No. 92-103494.

This requires the land to be used for agricultural uses, consistent with both applicable law and the condominium documents.

7. Private Water System Agreement by and between Pioneer Mill Company, Limited, a Hawaii corporation, and the Department of Water Supply of the County of Maui, dated September 29, 1992, and recorded in the said Bureau of Conveyances as Document No. 92-164418.

This relates to the private water system serving the condominium, and releases the County from responsibility to provide water.

8. Grant in favor of Maui Electric Company, Limited dated December 22, 1995, and recorded in the said Bureau of Conveyances as Document No. 95-168464, for the purpose of granting a perpetual right and easement to build, construct, rebuild, repair, maintain and operate pole and wire lines and underground power lines, etc., as may be necessary for the transmission and distribution of electricity.

This is a blanket easement encumbering Mahanalua Nui Subdivision as a whole and will not adversely impact the use or enjoyment of the units in this condominium.

9. The terms, provisions, covenants, easements and reservations as contained in Declaration of Covenants, Reservations and Restrictions dated November 28, 1997, and recorded in the said Bureau of Conveyances as Document No. 97-166433, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

This relates to the development of the large tract and does not affect the use or enjoyment of the condominium property.

10. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in Deed and Reservation of Rights dated

November 28, 1997, and recorded in the said Bureau of Conveyances as Document No. 97-166434, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

This relates to the development of the large tract and does not affect the use or enjoyment of the condominium property.

11. The terms, provisions, covenants, easements and reservations as contained in Declaration of Restrictive Covenants dated November 25, 1998, and recorded in the said Bureau of Conveyances as Document No. 98-186637, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

The foregoing Declaration was amended by Amendment dated November 9, 2004, recorded as Document No. 2004-231124.

This relates to the development of the large tract and does not affect the use or enjoyment of the condominium property.

12. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in Declaration of Non-Exclusive Perpetual Easements for Roadway Purposes (Roads Within Mahanalua Nui Subdivision) dated July 1, 1999, and recorded in the said Bureau of Conveyances as Document No. 99-107599, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

The foregoing Declaration was amended by instruments dated February 25, 2003, recorded as Document No. 2003-038051; dated November 9, 2004, recorded as Document No. 2004-231125; dated March 29, 2006, recorded as Document No. 2006-062281; and dated April 27, 2006, recorded as Document No. 2006-081236.

This establishes easements for road access, benefiting the condominium.

13. Subdivision Agreement (Agricultural Use) by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Owner", and County of Maui, through its Department of Public Works and Waste Management, a body politic and corporate, and a political subdivision of the State of Hawaii, dated April 8, 1999, and recorded in the said Bureau of Conveyances as Document No. 99-071686.

This requires the land to be used for agricultural uses, consistent with both applicable law and the condominium documents.

14. Subdivision Agreement (Agricultural Use) by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Owner", and County of Maui, through its Department of Public Works and Waste Management, a body politic and corporate, and a political subdivision of the State of Hawaii, dated April 8, 1999, and recorded in the said Bureau of Conveyances as Document No. 99-071687.

This requires the land to be used for agricultural uses, consistent with both applicable law and the condominium documents.

15. Easement in favor of Maui Electric Company, Limited, a Hawaii corporation, and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation, now known as Hawaiian Telcom, Inc., dated May 25, 1999, and recorded in the said Bureau of Conveyances as Document No. 99-101191, for the purpose of granting an easement for utility and incidental purposes.

This is a blanket easement encumbering Mahanalua Nui Subdivision as a whole and will not adversely impact the use or enjoyment of the units in this condominium.

16. The terms, provisions, covenants, easements and reservations as contained in Declaration of Covenants, Conditions and Restrictions for The Mahanalua Nui Subdivision at Launiupoko dated June 1, 1999, recorded in the said Bureau of Conveyances as Document No. 99-102455, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

The foregoing Declaration was amended by Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision at Launiupoko dated July 13, 1999, recorded as Document No. 99-114891.

The foregoing Amended and Restated Declaration was amended by instruments dated February 25, 2003, recorded as Document No. 2003-038050; dated November 9, 2004, recorded as Document No. 2004-231124; and dated March 16, 2005, recorded as Document No. 2005-060479.

This establishes standards and restrictions which apply to individual properties in Mahanalua Nui Subdivision. Buyer should review the document carefully.

17. The following item and/or easement(s), as shown on survey map prepared by Martina W. Jale, Licensed Professional Land Surveyor, Certificate No. 9311, dated December 2, 1998, revised April 19, 1999, May 18, 1999 and May 26, 1999:

- (a) 100 year inundation limit
- (b) Easement D for electrical purposes.

A portion of the condominium property is in the flood zone. The apartments are not physically located within the flood area.

18. Agreement for Allocation of Future Subdivision Potential by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Subdivider", and County of Maui, through its Department of Public Works and Environmental Management, "County", dated April 30, 2003, recorded in the said Bureau of Conveyances as Document No. 2003-090523.

The foregoing Agreement was amended by Amended and Restated Agreement for Allocation of Future Subdivision Potential by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Subdivider", and County of Maui, through its Department of Public Works and Environmental Management, "County", dated June 7, 2004, recorded in the said Bureau of Conveyances as Document No. 2004-121416.

19. Subdivision Agreement (Agricultural Use) by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Owner", and County of Maui, through its Department of Public Works and Environmental Management, "County", dated April 30, 2003, and recorded in the said Bureau of Conveyances as Document No. 2003-090524.

This requires the land to be used for agricultural uses, consistent with both applicable law and the condominium documents.

20. Subdivision Agreement (Agricultural Use) by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Owner", and the County of Maui, through its Department of Planning, dated ---, and recorded in the said Bureau of Conveyances as Document No. 2004-113873.

This requires the land to be used for agricultural uses, consistent with both applicable law and the condominium documents.

21. Portions of Easement D-47 in favor of Launiupoko Homeowners Association for Drainage Purposes, as shown on the approved subdivision map (Subdivision File No. 4.883) prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor, Certificate No. 9826, dated October 26, 2004, and more particularly described as follows:

MAHANALUA NUI SUBDIVISION, PHASE IV

EASEMENT D-47
FOR DRAINAGE PURPOSES

Being portion of Lot 14 of Mahanalua Nui Subdivision, Phase IV, being also a portion of R.P. 1358, L.C. Aw. 82 to Thomas Phillips.

Situate at Launiupoko, Lahaina, Maui, Hawaii.

Beginning at the Northwest corner of this easement, being also the Northeast corner of Lot 15 and on the South side of Roadway Lot 39 (Lau Niu Way) the coordinates of said point of beginning referred to Government Survey Triangulation Station "LAUNIUPOKO" being 1,459.61 feet North and 251.18 feet East and running by azimuths measured clockwise from true South:

Along the South side of Roadway Lot 39 (Lau Niu Way) of Mahanalua Nui Subdivision, Phase IV on a curve to the left with a radius of 48.00 feet, the chord azimuth and distance being:

1. 245° 12' 32" 10.33 feet;

Thence along same on a curve to right with a radius of 20.00 feet the chord azimuth and distance being:

2. 266° 00' 57" 18.15 feet;

3. 293° 00' 89.99 feet along same;

4. 23° 00' 143.22 feet along remainder of Lot 14 of Mahanalua Nui Subdivision, Phase IV;

5. 161° 23' 10" 170.32 feet along Lot 15 of Mahanalua Nui Subdivision, Phase IV to the point of beginning and containing an area of 0.204 acres, more or less.

This easement does not impact the apartments as they are located in the condominium.

22. Portions of Easement DR-24 in favor of Launiupoko Homeowners Association for Drainage Reserve Purposes, as shown on the approved subdivision map (Subdivision File No. 4.883) prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor, Certificate No. 9826, dated October 26, 2004, and more particularly described as follows:

MAHANALUA NUI SUBDIVISION, PHASE IV

EASEMENT DR-24
FOR DRAINAGE RESERVE PURPOSES

Being portions of Lots 13, 14, 15, 16, and 41 of Mahanalua Nui Subdivision, Phase IV, being also a portion of R.P. 1358, L.C. Aw. 82 to Thomas Phillips.

Situate at Launiupoko, Lahaina, Maui, Hawaii.

Beginning at the Northeast corner of this easement, and on the Southwest corner of Lot 12 of Mahanalua Nui Subdivision, Phase IV, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LAUNIUPOKO" being 807.87 feet North and 1,317.00 feet East and running by azimuths measured clockwise from true South:

1. 38° 41' 40" 21.48 feet along the remainder of Royal Patent Grant No. 1358, Land Commission Award No. 82 to Thomas Phillips;

Thence along same on a curve to the right with a radius of 100.00 feet the chord azimuth and distance being:

2. 77° 40' 40" 125.82 feet;
3. 116° 39' 40" 333.87 feet along the remainder of Royal Patent Grant No. 1358, Land Commission Award No. 82 to Thomas Phillips;
4. 107° 57' 10" 363.67 feet along same;
5. 117° 41' 30" 755.24 feet along same;

6. 98° 59' 20" 206.23 feet along same;
7. 102° 42' 50" 354.90 feet along same;
8. 122° 00' 30" 112.82 feet along same;
9. 95° 22' 20" 32.20 feet along same;
10. 225° 49' 114.92 feet along the remainder of Lot 16 of Mahanalua Nui Subdivision, Phase IV;
11. 287° 02' 346.46 feet along same;
12. 239° 23' 91.21 feet along same;
13. 289° 19' 452.78 feet along the remainder of Lots 16 and 15 of Mahanalua Nui Subdivision, Phase IV;
14. 301° 23' 368.55 feet along the remainder of Lots 15 and 14 of Mahanalua Nui Subdivision, Phase IV;
15. 289° 00' 367.72 feet along the remainder of Lot 14 of Mahanalua Nui Subdivision, Phase IV;
16. 293° 58' 397.75 feet along the remainder of Lot 13 of Mahanalua Nui Subdivision, Phase IV;
17. 301° 12' 178.63 feet along the remainder of Lots 13 and 41 of Mahanalua Nui Subdivision, Phase IV to the point of beginning and containing and area of 5.100 acres, more or less.

This easement does not impact the apartments as they are located in the condominium.

23. Restriction of the rights of vehicular access into and from Roadway Lot 39 (Lau Niu Way) over and across courses 7 and 8 of the parcel of land described herein, with the exception of a 16.00 feet access permitted across course 8 as

shown on the approved subdivision map (Subdivision File No. 4.883).

24. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in Deed dated June 27, 2005, and recorded in the said Bureau of Conveyances as Document No. 2005-129713, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

25. Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District dated May 2, 2005, and recorded in the said Bureau of Conveyances as Document No. 2005-185254.

26. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime of "Sargent/Tarpey Condominium" dated June 14, 2006, and recorded in the said Bureau of Conveyances as Document No. 2006-116852, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Condominium Map No. 4264, to which reference is hereby made.

27. By-Laws of the Sargent/Tarpey Condominium Association of Apartment Owners dated June 14, 2006, and

recorded in the said Bureau of Conveyances as Document No. 2006-117853, to which reference is hereby made.

END OF EXHIBIT "B"

Tax Key: (2) 4-7-010-078

EXHIBIT C

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

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$92.50 per month x 12 = \$1110.00 per year
B	\$92.50 per month x 12 = \$1110.00 per year

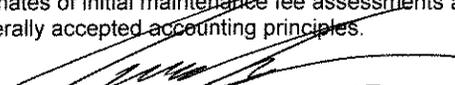
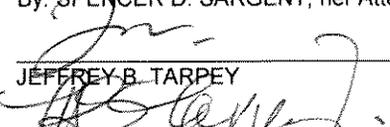
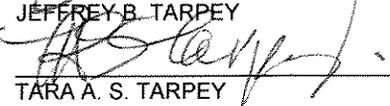
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services	
Air Conditioning	
Electricity	
[] common elements only	
[] common elements and apartments	
Elevator	
Gas	
[] common elements only	
[] common elements and apartments	
Refuse Collection	
Telephone	
Water	
Maintenance, Repairs and Supplies	
Building	
Grounds	
Common Element Driveway	\$10.00/month x 12 months = \$120.00
Management	
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance	
Liability Insurance premiums	\$160.00/month x 12 months = \$1920.00
Reserves(*)	
Common Element Driveway	\$10.00/month x 12 months = \$120.00
Taxes and Government Assessments	
Audit Fees	\$5.00/month x 12 months = \$60.00
Other	
TOTAL	\$185.00/month x 12 months = \$2220.00

I, the undersigned condominium developer for the Sargent/Tarpey Condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

 SPENCER D. SARGENT	(Signature)	June 15, 2006
		_____ Date
 PRISCILLA SARGENT	(Signature)	June 15, 2006
By: SPENCER D. SARGENT, her Attorney-in-fact		_____ Date
 JEFFREY B. TARPEY	(Signature)	June 15, 2006
		_____ Date
 TARA A. S. TARPEY	(Signature)	June 15, 2006
		_____ Date

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

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

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

**ATTACHMENT 1 TO ESTIMATE OF
MAINTENANCE FEE DISBURSEMENTS**

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

Upon its formation, the Association should conduct a replacement reserve study for the common element driveway.

EXHIBIT D

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

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

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

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

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

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

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

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

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
(Preliminary, Final &/or Supplementary)
contained in the public report, in connection with my purchase of apartment(s) _____
(Apt. No.)
in the Sargent/Tarpey Condominium _____
(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 Reports(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 Spencer D. Sargent, Priscilla Sargent, Jeffrey B. Tarpey and Tara A. S. Tarpey, whose mailing address is P.O. Box 959-515, Kihei, 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 Reports(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 that 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 Spencer D. Sargent, Priscilla Sargent, Jeffrey B. Tarpey and Tara A. S. Tarpey.

I HAVE RECEIVED A COPY OF:

- (1) THE DEVELOPER'S _____ 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

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