

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	PUA LANI CONDOMINIUM
Address	39 Pua Niu Way Lahaina, Maui, Hawaii 96761
Registration Number	6148
Effective Date of Report	December 22, 2006
Developer	ATOM KEOLA KASPRZYCKI and JENNIFER LEAH LOUISE KASPRZYCKI

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disposed; or (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any Of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the commission an amendment to this report or information may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

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

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. Where land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** it is not a legally subdivided lot. Dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have 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 which is zoned Agricultural. 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. Unit A is an existing accessory building containing 88.67 square feet, and Unit B is an existing farm dwelling containing 999.87 square feet of net living area and a garage consisting of 1,000 square feet (non-habitable).

2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, ungraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

3. This condominium project is part of the Mahanalua Nui Subdivision, Phase IV. Purchaser should carefully review the Amended and Restated Declaration of Covenants, Conditions and Restrictions dated July 13, 1999, and recorded as Document No. 99-114891, as further 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, and other documents related to said subdivision.

4. Under the current zoning ordinance only one full size farm dwelling and one farm dwelling with a living area of 1,000 square feet or less are permitted. Unit B is designated as the dwelling which is subject to the 1,000 square feet limitation. **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.

TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report	1
General Information On Condominiums	2
Operation of the Condominium Project	2
1. THE CONDOMINIUM PROJECT	3
1.1 The Underlying Land	3
1.2 Buildings and Other Improvements	3
1.3 Unit types and Sizes of Units	3
1.4 Parking Stalls	4
1.5 Boundaries of the Units	4
1.6 Permitted Alterations to the Units	4
1.7 Common Interest	4
1.8 Recreational and Other Common Facilities	4
1.9 Common Elements	5
1.10 Limited Common Elements	5
1.11 Special Use Restrictions	5
1.12 Encumbrances Against Title	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters	6
1.14 Other Zoning Compliance Matters	6
1.15 Conversions	7
1.16 Project in Agricultural District	8
1.17 Project with Assisted Living Facility	8
2. PERSONS CONNECTED WITH THE PROJECT	9
2.1 Developer	9
2.2 Real Estate Broker	9
2.3 Escrow Depository	9
2.4 General Contractor	9
2.5 Condominium Managing Agent	9
2.6 Attorney for Developer	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS	10
3.1 Declaration of Condominium Property Regime	10
3.2 Bylaws of the Association of Unit Owners	10
3.3 Condominium Map	10
3.4 House Rules	11
3.5 Changes to the Condominium Documents	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents	11
4. CONDOMINIUM MANAGEMENT	12
4.1 Management of the Common Elements	12
4.2 Estimate of the Initial Maintenance Fees	12
4.3 Utility Charges to be Included in the Maintenance Fee	12
4.4 Utilities to be Separately Billed to Unit Owner	12
5. SALES DOCUMENTS	13
5.1 Sales Documents Filed with the real Estate Commission	13
5.2 Sales to Owner-Occupants	13
5.3 Blanket Liens	13
5.4 Construction Warranties	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion	14

TABLE OF CONTENTS

	<u>Page</u>
5.6	Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance 14
5.6.1	Purchaser Deposits Will Not be Disbursed Before Closing or Conveyance 14
5.6.2	Purchaser Deposits Will Be Disbursed Before Closing 14
5.7	Rights Under the Sale Contract 16
5.8	Purchaser's Right to Cancel or Rescind a Sales Contract 16
5.8.1	Purchaser's 30-Day Right to Cancel a Sales Contract 16
5.8.2	Right to Cancel a Sales Contract if Completion Deadline Missed 17
5.8.3	Purchaser's Right to Rescind a Binding Sales Contract After a Material Change . . . 17
6.	MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT 18
EXHIBIT A:	COMMON INTEREST
EXHIBIT B:	COMMON ELEMENTS
EXHIBIT C:	LIMITED COMMON ELEMENTS
EXHIBIT D:	ENCUMBRANCES AGAINST TITLE
EXHIBIT E:	ESTIMATE OF MAINTENANCE FEES & ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
EXHIBIT F:	SUMMARY OF SALES CONTRACT
EXHIBIT G:	SUMMARY OF ESCROW AGREEMENT
EXHIBIT H:	SITE PLAN – UNIT B SEPTIC TANK AND LEECH FIELD

General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	Yes	
Fee Owner's Name if Developer is not the Fee Owner	N/A	
Fee Owner's Address	155 Kualapa Place, Lahaina, Hawaii 96761	
Address of Project	39 Pua Niu Way, Lahaina, Hawaii 96761	
Address of Project is expected to change because	Address is not expected to change.	
Tax Map Key (TMK)	(2) 4-7-9-71	
Tax Map Key is expected to change because	TMK is not expected to change	
Land Area	130,333 square feet or 2.992 acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A	

1.2 Buildings and Other Improvements

Number of Buildings	3
Floors Per Building	1
Number of New Building(s)	3
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood and metal.

1.3 Unit Types and Sizes of Units

Unit Type	Quality	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Area
A	1	0 / 0	0	88.67	Shed	sq. ft.
B	1	2/ 2	999.87	1,000.00	Garage	sq. ft.
				1,184.92	Covered lanai	sq. ft.
See Exhibit						

2	Total Number of Units
---	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	2
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2 (Unit B garage)
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stalls(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any right to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit:

Each unit is measured horizontally by the distances between the finished exterior surface of perimeter walls, windows and doors, and vertically by the distances between the finished exterior surface (bottom) of its foundation and floor supports and the finished exterior surface of its roof.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):

Interior: Non-structural interior alterations may be made at any time by the unit owner, in accordance with applicable law.

Structural Alterations: Subject to the prior approval of the Board of Directors and upon obtaining all necessary government approvals and permits. Unit A may construct one full size farm dwelling, in which event the owner of Unit A will be required to file an amendment to the Declaration and Map for the Condominium Project. Unit B is limited in size, under current zoning and as designated in the Declaration to a maximum of 1,000 sq. ft. Therefore, any alteration of Unit B may not increase the net living area except as provided in the Declaration. All costs associated with alterations shall be at the unit owner's sole cost and expense.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit A.

As follows:

1.8 Recreational and Other Common Facilities (Check if applicable): NOT APPLICABLE

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

<u>Common Elements:</u> Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.	
Described in Exhibit <u> B </u> .	
Described as follows:	
Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

<u>Limited Common Elements:</u> A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit <u> C </u> .
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.		
<input type="checkbox"/>	<input type="checkbox"/>	Pets:
<input type="checkbox"/>	<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other: As permitted by Agricultural zoning and Mahanalua Nui Subdivision Phase IV documents.
<input type="checkbox"/>	<input type="checkbox"/>	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit <u> D </u> describes the encumbrances against title contained in the title report described below.
Date of the title report: August 23, 2006
Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning							
		Type of Use	No. of Units	Use Permitted by Zoning		Zoning	
		Residential		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Commercial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Mix Residential/Commercial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Hotel		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Timeshare		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Ohana		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Industrial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	<input checked="" type="checkbox"/>	Agricultural	2	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Recreational		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
		Other (specify)		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Variances to zoning code have been granted.				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Describe any variances that have been granted to zoning code.							

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots	
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>	

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>		
Structures	<input checked="" type="checkbox"/>		
Lot	<input checked="" type="checkbox"/>		

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, purchaser should consult with county zoning authorities as to possible limitations which may apply.</p>

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable</p> <p><input checked="" type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit __ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project in Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer</p>	<p>Name: ATOM KEOLA KASPRZYCKI and JENNIFER LEAH KASPRZYCKI*</p> <p>Address: 155 Kualapa Place Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 667-6116 E-mail Address: kasprzyckidesigns@hawaii.rr.com *Developer Jennifer Leah Kasprzycki's name was removed from title as part of refinancing the property.</p>
<p>Names of officers and directors of developers that 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).</p>	<p style="text-align: center;">N/A</p>
<p>2.2 Real Estate Broker</p>	<p>Name: MOFFETT PROPERTIES Address: 4560 L. Honoapiilani Road Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 669-0454 E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: TITLE GUARANTY ESCROW SERVICES, INC. Address: 3350 L. Honoapiilani Road, Suite 211 Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 661-8715</p>
<p>2.4 General Contractor</p>	<p>Name: THAD HENRY DESIGN GROUP HAWAII, INC. Address: P. O. Box 878 Lahaina, Hawaii 96767</p> <p>Business Phone Number: (808) 669-7773</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self-managed by Association Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: KAREN TEMPLE, ATTORNEY AT LAW LLLC Address: 24 N. Church Street, Suite 200 Wailuku, Hawaii 96793</p> <p>Business Phone Number: (808) 244-8222</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 22, 2006	2006-126392

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 22, 2006	2006-126393

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4293
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rule and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed			
Have Been Adopted and Date of Adoption			
Developer does not plan to adopt House Rules			✓

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	100%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p><u>Management of the Common Elements:</u> The Association of Unit 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.</p>		
<p>The Initial Condominium Managing Agent of this project is (check one):</p>		
<input type="checkbox"/>	<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

<p><u>Estimate of the Initial Maintenance Fees:</u> The Association will make assessments against your unit 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 unit and the unit 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.</p>
<p>Exhibit <u>E</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>		
<input type="checkbox"/>	<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Water
<input type="checkbox"/>	<input type="checkbox"/>	Sewer
<input type="checkbox"/>	<input type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>		
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>F</u> Contains a summary of the pertinent provisions of the sales contract, including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: September 6, 2006 Name of Escrow Company: TITLE GUARANTY ESCROW SERVICES, INC. Exhibit <u>G</u> contains a summary of the pertinent provisions of the escrow agreement.
<input checked="" type="checkbox"/>	Other: Specimen Condominium Unit Deed and Sales Broker Listing Agreement

5.2 Sales to Owner-Occupants NOT APPLICABLE

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage dated June 13, 2006 Mortgage dated July 21, 2006	Mortgages will be released prior to conveyance of any unit to purchaser. If lien is foreclosed prior to conveyance to purchaser, all of purchaser's deposits will be refunded by escrow.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: Warranties offered by the contractor and/or builder of each unit, if any. No other warranties are offered.
Appliances: Warranties offered by manufacturer of appliances, if any.

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

<p>Status of Construction: Notice of Completion for Unit A was published on July 16 and 23, 2006 Notice of Completion for Unit B was published on March 9 and 16, 2006</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sale contract:</p>

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance NOT APPLICABLE

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance NOT APPLICABLE

<input type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.</p>
--------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing NOT APPLICABLE

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
<input type="checkbox"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

In connection with the use of purchaser deposits (check Box A or Box B): NOT APPLICABLE

<p>Box A</p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/></p>	<p>The Developer has not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules ((chapter 16-107), adopted by the Real Estate Commission, as amended), provided that rules and regulations under chapter 514B have not yet been adopted.
8.	Other: (a) Declaration of Covenants, Conditions and Restrictions for Mahanalua Nui Subdivision at Launiupoko dated 6/1/99, recorded as Doc. 99-102455, as Amended and Restated 7/13/99 recorded as Doc. 99-114891, as amended 2/25/03 recorded as Doc 2003-038050 and 11/9/04 as Doc. 2004-231124 and developer's public offering statement; (b) Warranty Deed dated 9/14/99 recorded as Doc. 99-151174; (c) Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District dated 6/27/05 recorded as Doc. 2005-178572; (d) County and State Zoning and Building Code and regulations applicable to construction of a farm dwelling.

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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:	
Website to access official copy of laws: www.capitol.hawaii.gov	
Website to access rules: www.hawaii.gov/dcca/har	

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change: in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

- 6.1. Limitations. Attention is drawn to the fact that, under Maui County zoning and building codes, only one full size farm dwelling and one farm dwelling with a living area of 1,000 square feet or less are permitted. Unit B is designated as the unit which is subject to the 1,000 square feet limitation, and may not be expanded unless (i) the owner(s) of Unit A gives his or her or their prior written consent; or (ii) a dwelling with a larger area may be constructed under applicable zoning and building codes and laws without adversely affecting the ability of Unit A to build or remodel; or (iii) Unit B exceeding 1,000 square feet of living area is maintained, repaired or replaced as a permitted "non-conforming" use or structure under the applicable zoning and building codes and laws. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH 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.
- 6.2. Water Meters. The water for the condominium is provided by a private water system owned by the Mahanalua Nui Homeowners Association, Inc., a Hawaii nonprofit corporation. Currently there is only one water meter for potable water and one for nonpotable water serving Unit B exclusively. Unit A will be responsible for obtaining, installing, maintaining and replacing any water service to its unit and appurtenant Yard A. In the event Unit A is unable to obtain a separate water meter, each unit and limited common element shall be entitled to an equitable and proportionate share of the water provided by the single water meter, equal to that unit's usage units in relation to the number of usage units of both Units A and B in the aggregate. Actual use by each unit shall be determined by a sub-meter installed and maintained by the Association of Unit Owners to measure actual use by each unit, and each unit shall pay a portion of the charges based on actual use. No unit or water use shall be expanded or increased by an owner to exceed the available water capacity without that owner obtaining an additional meter at said owner's expense. At such time each unit has a separate water meter, each unit owner shall pay for water separately as determined and billed by the Mahanalua Nui Homeowners Association.
- 6.3. Water Limits and Fire Protection. The condominium is served by a dual water system owned by the Mahanalua Nui Homeowners Association, Inc., a Hawaii nonprofit corporation. Said system will provide potable (drinking) and nonpotable (irrigation) water. By legal contract with Pioneer Mill Company, Limited, a Hawaii corporation, the maximum allowable consumption of water may require some limits. For the size of the condominium property, limits will not be less than 2,500 gallons per day or 75,000 gallons per month. While Declarant believes that such capacity is sufficient for normal and reasonable use by each unit, there are no guarantees. Because the condominium is not served by County of Maui water, there is no assurance that the water supply will be sufficient for fire protection.
- 6.4. Mailboxes. Each unit shall have its own separate mailbox.
- 6.5. Sewer. Each unit shall have its own on-site private septic system within its limited common element. The owner of each unit shall be responsible for operating, maintaining, repairing and replacing its own on-site private septic system, which shall comply with all applicable laws, rules and regulations. Each septic system must comply with design standards and approval requirements of the State of Hawaii Department of Health. The location of the septic system appurtenant to Unit B only is shown on the site plan of the Condominium Map. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of the septic system and appurtenances. County sewer service is not available.
- Currently there is only one septic tank and leech field located within Yard B and serving Unit B exclusively, as shown on the site plan attached hereto as Exhibit K. The owner of Unit A will be responsible for obtaining and installing his own septic system.
- 6.6. Nuisances. Most land near the Project is zoned Agricultural, which may increase the risk of noise, dust, emission and other nuisances. Because said Project is part of the Mahanalua Nui Subdivision, the owners of the Project are deemed to have waived claims with respect to said nuisances by neighboring land owners. High voltage power lines exist throughout portions of the area in which the Project exists and may pose a hazard due to strong winds.
- 6.7. Flood Zone. The property is part of the subdivision of the Mahanalua Nui Subdivision, Phase I, a portion of which is subject to a 100-year flood inundation limitation. Based on the subdivision map of Mahanalua Nui Subdivision, Phase IV (a further subdivision of the land within Phase I), Lot 25 for this project is not located within the 100-year flood inundation limitation and currently not insured against flood. Purchasers should consult with the County of Maui regarding any building and use restrictions which may be affected by this limitation.

- 6.8. Insurance. Each unit owner is responsible for insuring the unit and its contents. The Association may be required to provide additional insurance on the common elements. The cost and ability to obtain appropriate insurance to cover all structures and property from fire, wind, flood, liability and other hazards should be research by a prospective purchaser.
- 6.9. View Corridor. No buildings or structures may be constructed within a portion of Yard A, depicted on the Condominium Map as the "View Corridor Area," for the purpose of maintaining scenic views, air, light, and open space for the benefit of Unit B. The owner of Unit A shall not construct, build, plant, erect, permit or maintain, or allow anyone else to construct, build, plant, erect or maintain any building, fence, gate, wall, or other structure(s), or any hedge, landscaping or other vegetation, which at any time exceeds five feet (5') in height, as measured from the surface of the ground.

However, the owner of Unit A can construct, install, maintain, operate, repair, remove and replace underground lines, pipes, culverts, mains, conduits or other transmission facilities and appurtenances for drainage, sewer, electricity, gas, telephone, radio and television signal distribution and other utilities, as well as other improvements, in, on, under and through the View Corridor Area; provided such construction or improvements shall be exercised in compliance with the terms and subject to the height limitation and other restrictions contained herein.

- 6.10. Mahanalua Nui Subdivision Homeowners Association. The land upon which the condominium project is located (Lot 25) is part of The Mahanalua Nui Subdivision, Phase IV. The Mahanalua Nui Subdivision has been registered with the State of Hawaii Department of Commerce and Consumer Affairs under Hawaii Revised Statutes Chapter 484, and a Public Offering Statement for the subdivision has been issued. **IT IS RECOMMENDED THAT THE BUYER OF EACH CONDOMINIUM UNIT OBTAIN A COPY OF THE MOST RECENT PUBLIC OFFERING STATEMENT AND THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE SUBDIVISION. THE STATEMENT AND DECLARATION CONTAIN MANY IMPORTANT DESCRIPTIONS ABOUT THE SUBDIVISION AS A WHOLE, AS WELL AS THE OPERATIONS AND MANAGEMENT OF THE HOMEOWNERS ASSOCIATION, ITS BUDGETS AND RESERVES.**

The owner of Lot 25 is a member of the Mahanalua Nui Homeowners Association, Inc., a Hawaii nonprofit corporation, which is the association formed for the Mahanalua Nui Subdivision as a whole for the purpose of holding, maintaining, operating and managing, as a common expense, all of the common areas and facilities of the subdivision. These consist of paved roadways, a drainage system, and archeological recreational sites and trails as easements, and public and private parks.

Roadway Lot B-2 (Kai Hele Ku Street) is a privately owned lot and is not part of the Mahanalua Nui Subdivision which provides access from the Mahanalua Nui Subdivision to the state highway, Honoapiilani Highway. Launiupoko Associates, LLC, the owner of Roadway Lot B-2 has granted the Mahanalua Nui Homeowners Association a non-exclusive easement over the access right of way. The Mahanalua Nui Homeowners Association is responsible for the maintenance of this right of way subject to possible costs sharing with other lots served by this access right of way.

Each unit owner will be a separate member of said Mahanalua Nui Homeowners Association and will be responsible to pay a share of common expenses assessed to each Lot of the subdivision equal to the share assessed against each other Lot (except for water use charges, which, if managed by the Association, will be assessed on an equitable basis by the Association, in addition to any basic system operating charge equally assessed against all Lots), as provided in said Mahanalua Nui Subdivision Declaration of Covenants, Conditions and Restrictions, as amended.

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

- 6.11. Agricultural Uses. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agricultural-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, farm plans may be required. Dwellings may only be constructed and used as "farm dwellings." THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL OR THE MAUI COUNTY PLANNING DEPARTMENT CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.
- 6.12. Zoning and Land Use Violations. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example if one owner builds or adds to a structure in a manner which violates height limits, size limits, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THESE IMPORTANT RISKS.
- 6.13. Rollback Taxes. The land may be subject to rollback real property taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property tax assessment. Please refer to the Director of Finance, County of Maui, for further information.
- 6.14. Agreements/Easements on Records. The title is encumbered by several agreements and easements described on Exhibit D. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL FOR ADDITIONAL INFORMATION.
- 6.15. Licensed Real Estate Salesman. Pursuant to Sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer, Jennifer Kasprzycki is a current and inactive Hawaii-licensed real estate salesperson, License No. RS-65055, and pursuant to Section 16-99-11(b), HAR , no licensee shall be allowed to advertise "For Sale by Owner," "For Rent by Owner," "For Lease by Owner," or "For Exchange by Owner."

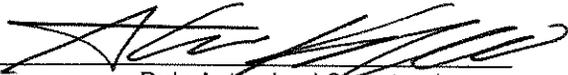
The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitted requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers concerning the project have been reviewed by the Developer and are, to be best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report any pertinent or material change or both in any information contained in this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

ATOM KEOLA KASPRZYCKI and JENNIFER LEAH LOUISE KASPRZYCKI

Printed Name of Developer

By: 
Duly Authorized Signatory*

8/30/06
Date

By: 
Duly Authorized Signatory*

8/30/06
Date

ATOM KEOLA KASPRZYCKI and JENNIFER LEAH LOUISE KASPRZYCKI, 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; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

COMMON INTEREST

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

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

SIXTY-SEVEN PERCENT (67%) appurtenant to Unit A; and

THIRTY-THREE PERCENT (33%) appurtenant to Unit B.

EXHIBIT B

COMMON ELEMENTS

The common elements of the Project will include the following:

- (a) The Land in fee simple;
- (b) Any pipes, cables, apparatus and other central and appurtenant transmission facilities and installations over, under and across the Project not owned by the service provider, which serve more than one unit for services such as electricity, light, water, sewer, telephone and television or other signal distribution, if any;
- (c) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use; and
- (d) Any and all tangible personal property, accounts, general intangibles, instruments and money, and any unit held by or belonging to the Association of Unit Owners, or its agents, for the administration, maintenance, safety and operation of the common elements of the Condominium Property Regime, or for the common use and benefit of the unit owners.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof or the units except as may be provided in the Condominium Documents and By-Laws.

EXHIBIT C

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein called the "limited common elements," or "exclusive limited common elements" are hereby designated and set aside for the exclusive use of the certain unit or units specified, and such unit or units shall have appurtenant thereto easements for the exclusive use of such limited common elements as follows:

(a) Yard Areas. Each unit shall have appurtenant to it one or more land areas, described and depicted as a Limited Common Element or "Yard Area," as depicted on the Condominium Map. Unit A has appurtenant to it Yard A, consisting of approximately 2.00 acres. Unit B has appurtenant to it Yard B, consisting of approximately .992 acres.

The Unit Owners shall have the right to reallocate and reconfigure the location of the Yard Area appurtenant to their respective units upon prior notice to the Board of Directors and appropriate amendment to this Declaration and the Condominium Map. The amendment shall be signed and approved by the owners (and their respective mortgagees if any) delivered to the Board of Directors prior to recordation. The amendment shall be effective only upon the recording of the same in the Bureau of Conveyances. All costs and expenses associated with such amendment, including, but not limited to, attorneys fees, architect/engineering fees and recording costs shall be borne by the owner(s) requesting such amendment.

(b) Mail Boxes. A separate receptacle for delivery of mail ("mail box") is designated for each unit within the Project, which mailbox is a limited common element appurtenant to each unit. Mail boxes will be located within the Project as depicted on the Condominium Map. The mailbox designation is the same as each unit. The exact location of each mail box, and the design, maintenance and use of the mail box, may be further determined under the By-Laws or House Rules, if any.

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

A preliminary title report, prepared by Title Guaranty of Hawaii, Inc. as of August 23, 2006, indicates that the following encumbrances presently exist against the title of the land which constitutes the Pua Lani Condominium.

1. Any and all real property taxes that may be due and owing.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Free flowage of Launiupoko Stream.
4. Lease to Maui Electric Company, Limited, and GTE Hawaiian Telephone Company Incorporated, now known as Verizon Hawaii, Inc. dated October 13, 1967, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5893 on Page 226, granting rights-of-way, each twenty-five (25) feet in width, to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines, etc., as may be necessary for the transmission of electricity.
5. Subdivision Agreement (Agricultural Use) dated June 18, 1992, recorded in the said Bureau of Conveyances as Document No. 92-103494, 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.
6. Private Water System Agreement dated September 29, 1992, recorded in the said Bureau of Conveyances as Document No. 92-164418, by and between Pioneer Mill Company, Limited, and the Department of Water Supply of the County of Maui.
7. Declaration of Covenants, Reservations and Restrictions dated November 28, 1997, recorded in the said Bureau of Conveyances as Document No. 97-166433. By Assignment and Assumption Agreement dated January 16, 2001, recorded as Document No. 2001-006061, Pioneer Mill Company, Limited, a Hawaii corporation, assigns to AMFAC/JMB Hawaii, L. L. C., a Hawaii limited liability company, and Makila Land Co., LLC, a Hawaii limited liability company, all of its rights, interests and obligations under the foregoing Declaration.
8. Deed and Reservation of Rights dated November 28, 1997, recorded in the said Bureau of Conveyances as Document No. 97-166434.
9. Declaration of Restrictive Covenants dated November 25, 1998, and recorded in the said Bureau of Conveyances as Document No. 98-186637.

The foregoing Declaration was amended by Amendment dated November 9, 2004, recorded as Document No. 2004-231124.
10. Subdivision Agreement (Agricultural Use) dated April 8, 1999, and recorded in the said Bureau of Conveyances as Document No. 99-071686, 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.
11. Subdivision Agreement (Agricultural Use) dated April 8, 1999, and recorded in the said Bureau of Conveyances as Document No. 99-071687, 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.

12. Grant of Easement to Maui Electric Company, Limited, and GTE Hawaiian Telephone Company Incorporated, now known as Hawaiian Telcom, Inc. dated May 25, 1999, recorded in the Bureau of Conveyances as Document No. 99-101191, granting a perpetual right and easement for utility purposes.
13. Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision at Launiupoko dated July 13, 1999, recorded in the said Bureau of Conveyances as Document No. 99-114891.

The foregoing Amended and Restated Declaration restates the original Declaration dated June 1, 1999, recorded as Document No. 99-102455, and any amendments thereto.

Said 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.

14. 100 year inundation limit as shown on survey map of "Mahanalua Nui Subdivision Phase I," prepared by Martina W. Jale, Licensed Professional Land Surveyor with Austin, Tsutsumi & Associates, Inc., dated December 2, 1998, revised April 19, 1999, May 18, 1999 and May 26, 1999.
15. Designation of Easement "DR-21" for drainage reserve purposes as shown on subdivision map of "Mahanalua Nui Subdivision Phase IV," per plan by Erik S. Kaneshiro, dated August 21, 2002, revised October 8, 2004.
16. Designation of Easement "D-53" for drainage purposes as shown on subdivision map of "Mahanalua Nui Subdivision Phase IV," per plan by Erik S. Kaneshiro, dated August 21, 2002, revised October 8, 2004.
17. Warranty Deed dated September 14, 1999, recorded in the said Bureau of Conveyances as Document No. 99-151174.
18. Agreement for Reservation of Future Subdivision Rights by and between Robert Stevens Harvey and Melinda Lei Kahakauwila, husband and wife, "Buyer," and Launiupoko Associates, LLC, a Hawaii limited liability company, "Seller," dated September 17, 1999, recorded in the said Bureau of Conveyances as Document No. 99-152675.
19. Agreement for Allocation of Future Subdivision Potential by and between Robert Stevens Harvey and Melinda Lei Kahakauwila, husband and wife, "Owner," and County of Maui, through its Department of Public Works and Environmental Management, "County," dated October 23, 2002, and recorded as Document No. 2002-200710.
20. 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, "County," dated April 30, 2003, recorded in the said Bureau of Conveyances as Document No. 2003-090524.
21. Subdivision Agreement (Agricultural Use) by and between Launiupoko Associates, LLC, a Hawaii limited liability company, "Owner," and County of Maui, through its Department of Planning, dated - - - (acknowledged March 4, 2004 and May 28, 2004), recorded in the said Bureau of Conveyances as Document No. 2004-113873.
22. Amended and Restated Agreement for Allocation of Future Subdivision Potential by and between Launiupoko Associates, LLC, a Hawaii limited liability company, Robert Stevens Harvey and Melinda Lei Kahakauwila, husband and wife, "Subdivider," and County of Maui, through its Department of Public Works and Environmental Management, "County," dated June 7, 2004, and recorded as Document No. 2004-121416.

Said above Amended and Restated Agreement amends and supercedes, in its entirety, the Agreement for Allocation of Future Subdivision Potential dated April 30, 2003, recorded as Document No. 2003-090523.

23. Supplemental Declaration of Covenants, Conditions and Restrictions for Mahanalua Nui Subdivision at Launiupokko, Phase IV, dated November 9, 2004, recorded as Document No. 2004-231123.
24. Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District dated June 27, 2005, recorded in the said Bureau of Conveyances as Document No. 2005-178572.
25. Declaration of Condominium Property Regime of Pua Lani Condominium, dated June 22, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-126392, and Condominium Map 4293, and any amendments thereto.
26. By-Laws of the Association of Apartment Owners of Pua Lani Condominium dated June 22, 2006, recorded in the said Bureau of Conveyances as Document No. 2006-126393.
27. Mortgage dated June 13, 2006, in favor of Mortgage Electronic Registration Systems, Inc., as nominee for First Magnus Financial Corporation, recorded as Document No. 2006-115892.
28. Mortgage dated July 21, 2006, in favor of Mortgage Electronic Registration Systems, Inc., as nominee for First Magnus Financial Corporation, recorded as Document No. 2006-140669.
29. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii constitution or the Hawaii Revised Statutes.

END OF EXHIBIT "D"

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Unit</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
A	\$ 84	\$ 1,008
B	\$ 84	\$ 1,008
	_____	_____
TOTAL:	\$168	\$ 2,016

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

EXHIBIT F

SUMMARY OF SALES CONTRACT

The Standard Form Deposit Receipt Offer and Acceptance (DROA) of the Hawaii Association of Realtors and Addendum attached thereto provides for the sale of an individual unit, in fee simple, together with an appurtenant percentage of the common elements of the project, including the land, as more specifically described in the Condominium Declaration.

Some of the terms and conditions set forth in the DROA include:

1. The total purchase price, including an initial deposit to be paid at the time of signing, any additional deposits to be paid and other financing information.
2. The closing date, closing costs, other closing matters, closing and pre-closing procedures and termination provisions, contingency for cash funds, and other financing contingencies.
3. Buyer's funds shall be held in escrow pending closing of the transaction pursuant to an Escrow Agreement, a summary of which is attached to this Public Report.
4. Remedies in the event of default by either party.
5. Seller's disclosures concerning asbestos, hazardous waste and "Megan's Law," and other inspections, maintenance, warranties, termite, rental matters, and brokers services and disclaimers.
6. Buyer's acknowledgment of receiving and reading the final public report for the Project prior to signing the DROA.
7. Buyer's acknowledgment of receiving and reviewing other documents that the Project is subject to, including but not limited to the Declaration, Bylaws, Escrow Agreement, and Condominium Unit Deed.
8. Seller makes no representation or warranty as to the floor plans and elevations of the apartments contained in the Condominium Map.

An addendum is attached to the DROA which specifically refers to the Condominium Project.

NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE DROA AND ADDENDUM. COMPLETE TERMS AND PROVISIONS ARE CONTAINED IN THE DROA ITSELF, AND IN THE EVENT OF ANY QUESTION OF INTERPRETATION, OR CONFLICT BETWEEN THE TERMS OF THE DROA AND OF THIS SUMMARY, THE TERMS OF THE DROA SHALL APPLY.

NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE CONTRACT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF, OR AN AMENDMENT OR MODIFICATION OF, THE SUBJECT CONTRACT. THE TERMS OF THE ACTUAL CONTRACT BETWEEN SELLER AND BUYER (AND ONLY THOSE TERMS) SHALL APPLY. THEREFORE, A PROSPECTIVE PURCHASER IS URGED TO READ THE ENTIRE DROA, CAREFULLY AND IN DETAIL, AND TO CONSULT WITH HIS OR HER OWN ADVISORS IF ANY QUESTIONS EXIST, BEFORE SIGNING THE DROA.

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

An escrow agreement provides the terms under which the deposits by a buyer pursuant to a sales contract between the Developer as seller and any prospective buyer will be held and disbursed by a neutral party ("Escrow").

Some of the standard terms and conditions of the Escrow Agreement are summarized briefly below. Complete terms and provisions are contained in the Escrow Agreement itself, and in the event of any question of interpretation, or conflict between the terms of the Agreement and of this summary, the terms of the Agreement shall apply.

1. SALES CONTRACTS AND PAYMENTS. Seller/Developer will have each Buyer sign a sales contract and deliver it to Escrow together with Buyer's first deposit against the purchase price. Buyer will make all other payments of the purchase price required in the sales contract to Escrow.

2. COLLECTION NOTICES. Escrow will inform Buyer of any further payments and when they are due under the sales contract.

3. REFUNDS. Escrow will make any refunds as directed by Seller and Buyer in writing as determined by the sales contract, subject to any deduction by Escrow of "cancellation fees" as permitted by the sales contract and the Condominium Law, unless the terms of the Escrow Agreement or Seller instructed otherwise.

4. DEFAULT. The Escrow Agreement also establishes procedures for the retention and disbursement of the Buyer's funds when a default occurs under the sales contract.

5. CLOSING. Escrow will arrange for the Buyer to sign all necessary documents, and recordation of documents in the appropriate registration system. Escrow will disburse all money that Escrow has received as required by the sales contract.

6. STATUTORY PROVISIONS CONTROL. Anything in the Contract notwithstanding, the provisions of Chapter 514B of the Hawaii Revised Statutes (Condominium Property Act), if in conflict with the Escrow Agreement, shall control.

NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE ESCROW AGREEMENT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE ESCROW AGREEMENT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF OR AN AMENDMENT OR MODIFICATION OF THE AGREEMENT. THE ESCROW AGREEMENT CONTAINS VARIOUS OTHER IMPORTANT PROVISIONS AND ESTABLISHES CERTAIN CHARGES WHICH THE BUYER SHOULD KNOW. THE TERMS OF THE ACTUAL AGREEMENT BETWEEN ESCROW AND THE SELLER/DEVELOPER (AND ONLY THOSE TERMS) SHALL APPLY.

EXHIBIT H

Unit B Septic Tank and Leech Field

Site Plan

