

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

CONDOMINIUM PROJECT NAME	Royal View Condominium
Address	59 & 63 Kumu Niu Place Lahaina, Hawaii 96761
Registration Number	6150
Effective Date of Report	<b>December 21, 2006</b>
Developer	Royal View, CPR, LLC, a Hawaii limited liability company

**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 disclosed; 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 an amended Developer's Public Report, clearly reflecting the changes, together with such supporting information as 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.

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*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

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

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. Unit A is being constructed as a farm dwelling, and Unit B is being constructed as a 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 uncurd. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.

4. The units are served by a private water company, operating under permits issued by the State of Hawaii, Public Utilities Commission. Currently the Property is provided two potable water meters by said private water company. Each unit will have appurtenant to it the water meter that shall be separately designated by Declarant. Each unit shall have the exclusive use of its appurtenant potable water meter, and shall be responsible for all communications with said private water company, including payment of water service. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection. Also, irrigation water is available from a separate private water company. Currently there is only one irrigation (non-potable) water meter to the Property, serving Unit A exclusively. Unit B will be responsible for obtaining, installing, maintaining and replacing irrigation water service to its appurtenant Limited Common Element B.

There may be restrictions placed on the amount of 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 unit has its own septic waste disposal system, the locations of which are shown on the Condominium Property Regime Map. County sewer service is not available. The owner of each unit shall be responsible for the cost of maintaining, operating and/or replacing said unit's system. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of the system and appurtenances.

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 1,000 square feet or less are permitted, and no other dwellings. Unit B was designated as the unit which is subject to the 1,000 square feet limitation, and may not be expanded beyond this limitation, and Unit 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.

9. Developer certifies that the subject property is zoned agriculture by the County of Maui and designated agriculture by the State of Hawaii.

10. The subject property is not within the Special Management Area (SMA).

11. The subject property is not within a 100-year flood inundation area.

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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EXHIBIT D: Summary of Sales Contract

EXHIBIT E: Summary of Escrow Agreement

EXHIBIT F: Recorded Declaration of Condominium Property Regime

EXHIBIT G: Recorded Bylaws of the Association of Unit Owners

EXHIBIT H: Recorded Condominium Property Regime Map

## **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	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Fee Owner is Developer	
Fee Owner's Address	505 Front Street, #214 Lahaina, Hawaii 96761	
Address of Project	59 & 63 Kumu Niu Place Lahaina, Hawaii 96761	
Address of Project is expected to change because	N/A	
Tax Map Key (TMK)	(2nd) 4-7-010-028	
Tax Map Key is expected to change because	N/A	
Land Area	2.028 Acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Fee Owner is Developer	

**1.2 Buildings and Other Improvements**

Number of Buildings	2
Floors Per Building	1
Number of New Building(s)	2
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, Wood, Glass and related materials

**1.3 Unit Types and Sizes of Units**

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Area
A	1	3/3.5	3,730	1,368	Garage/Lanais	572/796
B	1	2/2	936	887	Covered Lanais/ Garage&Tractor Storage	237/650
See Exhibit A...						

2	<b>Total Number of Units</b>
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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:	4*
Number of Guest Stalls in the Project:	0*
Number of Parking Stalls Assigned to Each Unit:	2*
Attach Exhibit <u>N/A</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. *Each unit has a two-car garage. Also, each unit will have the right to park in the Limited Common Element appurtenant to said unit, including guests.	

**1.5 Boundaries of the Units**

Boundaries of the unit: Exterior surfaces of walls, roofs, and foundations.
--

**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): Each unit may be expanded, relocated and altered in owner's discretion (except as limited by law or the Declaration). The owner may unilaterally amend the Declaration to redefine the unit to conform the unit boundaries as altered, expanded or relocated.
--

**1.7 Common Interest**

<u>Common Interest:</u> 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: 50%
Described in Exhibit <u>N/A</u> .
As follows: Described on the following page 4a.

**1.8 Recreational and Other Common Facilities (Check if 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):

CONTINUATION OF PAGE 4, SECTION 1.7

Description of Common Interest is as follows:

Unit A shall have a 50% undivided interest and Unit 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.

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

**1.9 Common Elements**

**Common Elements:** 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 A \_\_\_\_\_.

Described as follows:

Common Element	Number
Elevators	N/A
Stairways	N/A
Trash Chutes	N/A

**1.10 Limited Common Elements**

**Limited Common Elements:** 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 A \_\_\_\_\_.

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"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Described on the following page 5a.
<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 B \_\_\_\_\_ describes the encumbrances against title contained in the title report described below.

Date of the title report: September 29, 2006

Company that issued the title report: Fidelity National Title Insurance Company

CONTINUATION OF PAGE 5, SECTION 1.11, "Other":

- (a) No commercial uses (except agricultural uses);
- (b) Only one farm dwelling (which may be limited in size by the rules of the County of Maui) is permitted within Limited Common Element A, and one farm dwelling of no larger than 1,000 square feet of net living area is permitted within Limited Common Element B.

**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
<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 Residential/Commercial		<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	2	<input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No	Agriculture
<input type="checkbox"/>	Recreational		<input type="checkbox"/>	Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/>	Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations 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.			N/A		

**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"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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>N/A</p>
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**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input type="checkbox"/> Applicable  <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><b>Verified Statement from a County Official</b></p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>N/A</u> 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"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(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</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <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><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></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>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:          See Page 16, Sections 6, 7 and 8; and Page 18-18a, Sections 8, 9 and 10.</p>	

**1.17 Project with Assisted Living Facility**

<p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></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><b>2.1 Developer</b></p>	<p>Name: Royal View, CPR, LLC, a Hawaii limited liability company Address: 505 Front Street, #214, Lahaina, HI 96761</p> <p>Business Phone Number: (808) 662-8588 E-mail Address: GregBrown@BDMaui.com</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>Brown Realty LLC, a Hawaii limited liability company Sole Member/Manager: Gregory E. Brown is the principal of Brown Realty LLC</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: Brown Development Properties Hawaii, LLC, a Hawaii limited liability company Address: 505 Front Street, #214 Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 662-5288 E-mail Address: GregBrown@BDMaui.com</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Fidelity National Title &amp; Escrow of Hawaii, Inc. Address: 181 Lahainaluna Road, Suite D Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 661-4960</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: Brown Realty LLC, a Hawaii limited liability company Address: 505 Front Street, #214 Lahaina, Hawaii 96761</p> <p>Business Phone Number: (808) 662-5288</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Self Managed by the Association of Unit Owners Address:</p> <p>Business Phone Number:</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Thomas D. Welch, Jr. of Mancini, Welch and Geiger LLP Address: 33 Lono Avenue, Suite 470 Kahului, Hawaii 96732-1681</p> <p>Business Phone Number: (808) 871-8351</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
Recorded, Bureau of Conveyances	September 13, 2006	2006-178049

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

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Recorded, Bureau of Conveyances	September 13, 2006	2006-178050

#### 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	4313
Dates of Recordation of Amendments to the Condominium Map:	

**3.4 House Rules**

The Board of Directors may adopt rules 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	<input type="checkbox"/>
Have Been Adopted and Date of Adoption	<input type="checkbox"/>
Developer does not plan to adopt House Rules	<input checked="" type="checkbox"/>

**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%	67%
Bylaws	67%	67%

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>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:</p> <p>Developer has reserved, and has delegated to each unit owner, the right to amend the Declaration and Condominium Map to alter, expand and relocate the boundaries of each unit.</p>

#### 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 for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<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 C ___ 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"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<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"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) : Phone

## 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>D</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: October 6, 2006 Name of Escrow Company: Fidelity National Title & Escrow of Hawaii, Inc. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

### 5.2 Sales to Owner-Occupants

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 <u>N/A</u> .
<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 in favor of IndyMac Bank, F.S.B., a federally chartered savings bank, organized and existing under the laws of the United States of America, dated March 9, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-049449.	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 unit and the units will be released from the liens at that time.

### 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:

<b>Building and Other Improvements:</b> For both Units A and B, the general contractor will provide a warranty against structural defects for one year from the first publication date of the notice of completion for the unit.
<b>Appliances:</b> Developer will pass on to buyers all manufacturers warranties that have been provided for appliances.

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

Status of Construction: Each unit is currently having the finish work completed.
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.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: The completion deadline as set forth in the sales contract is December 31, 2006 for both Units A and B, subject to reasonable extensions for delays or causes beyond seller's control.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

**5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance**

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**

<input checked="" type="checkbox"/>	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.
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**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

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):	
<input type="checkbox"/>	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
<input type="checkbox"/>	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.

In connection with the use of purchaser deposits (check Box A or Box B):

<p><b>Box A</b> <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><b><u>Important Notice Regarding Your Deposits:</u></b> 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><b>Box B</b> <input type="checkbox"/></p>	<p>The Developer has <u>not</u> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> 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.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
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:  Reference is made to Exhibit "B" for a specific list of encumbrances affecting this property.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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 30<sup>th</sup> 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

1. Water and Fire Protection. The units are served by a private water company, operating under permits issued by the State of Hawaii, Public Utilities Commission. Currently the Property is provided two potable water meters by said private water company. Each unit will have appurtenant to it the water meter that shall be separately designated by Declarant. Each unit shall have the exclusive use of its appurtenant potable water meter, and shall be responsible for all communications with said private water company, including payment of water service. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection. Also, irrigation water is available from a separate private water company. Currently there is only one irrigation (non-potable) water meter to the Property, serving Unit A exclusively. Unit B will be responsible for obtaining, installing, maintaining and replacing irrigation water service to its appurtenant Limited Common Element B.

There may be restrictions placed on the amount of water available to the condominium, as stated in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanaluia 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 unit has its own separate mailbox.

3. Sewer. Each unit has its own septic waste disposal system, the locations of which are shown on the Condominium Property Regime Map. County sewer service is not available. The owner of each unit shall be responsible for the cost of maintaining, operating and/or replacing said unit's system. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of the system and appurtenances.

4. Mahanaluia Nui Subdivision. Lot 4 of Mahanaluia Nui Subdivision, Phase III is a member of Mahanaluia Nui Homeowners Association, Inc., which is the association formed for the Mahanaluia 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, private roadways (including Kumu Niu Place and Kai Hele Ku Street), 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 Mahanaluia 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 1,000 square feet or less are permitted, and no other dwellings. Unit B was designated as the unit which is subject to the 1,000 square feet limitation, and may not be expanded beyond this limitation, and Unit 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 4-17 and 19 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. 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.

10. Zoning and Land Use Violations. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling 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.

11. Licensed Real Estate Broker. Pursuant to Sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Gregory E. Brown (Principal of Brown Realty LLC, which is the sole member of Royal View, CPR, LLC, the condominium's Developer), is a current and active Hawaii-licensed Real Estate Broker, RB-19139. Further that Gregory E. Brown is the principal broker for Brown Development Properties Hawaii, LLC, the project broker. Pursuant to Section 16-99-11(c), HAR "no license shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

12. Licensed Contractor. Gregory E. Brown is the principal of Brown Realty LLC (the contractor for the construction of the condominium units), which LLC is also a member of Royal View, CPR, LLC the condominium Developer.

13. Blanket Electrical Easement. 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.

14. 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. Also in some areas the actual lines may have been constructed outside of the easement boundaries and may encroach on the Property.

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.

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 permitting 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 the 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.

Royal View, CPR, LLC, a Hawaii limited liability company  
Printed Name of Developer

By:  October 9, 2006  
Duly Authorized Signatory\* Date

Royal View, CPR, LLC (Developer)  
By: Brown Realty LLC  
Its: Member-Manager  
By: Gregory E. Brown  
Its: Member

\_\_\_\_\_  
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

### ROYAL VIEW CONDOMINIUM

#### DESCRIPTION OF BUILDINGS:

The condominium consists of two separate units, each of which is a farm dwelling. Each unit is located on that portion of the land defined on the Condominium Map as a limited common element appurtenant to and for the exclusive use of said unit. Each building is constructed primarily of wood, concrete, glass and related materials. Upon expansion, relocation, construction or reconstruction of any unit by any owner(s) thereof as provided in the Declaration, the modified or new building containing any unit 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 UNITS:

The condominium shall consist of two (2) units designated Unit "A" and Unit "B", with Unit "A" the western most and Unit "B" the eastern most. Each unit is shown on the Condominium Map.

Unit "A" is a one-story farm dwelling containing 4,076 square feet of net living area, and includes three bedrooms, three and one half bathrooms, a kitchen, great room, dining room, study, laundry room, pantry, closet spaces (including two walk-in closets), an entry lanai and covered lanais (including 796 square feet of area), and an attached two-car garage (containing 595 square feet of area).

Unit "B" is a one-story farm dwelling containing 962 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, living room, hallway and closet spaces, a covered lanais (including 237 square feet of area), and an attached two-car garage and tractor storage (containing 650 square feet of area).

Each unit has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to a private roadway (Kumu Niu Place), which provides access to another private roadway (Kai Hele Ku Street), which provides access to a public road (Honoapiilani Highway).

The boundaries of each unit 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 unit is delegated to the owner(s) of said unit, and all of the cost thereof shall be borne by the owner(s) of said unit, at no cost to the owner(s) of any other unit or the association.

LOCATION, RELOCATION, AND NUMBERING OF UNITS:

Each unit is located as shown on the Condominium Map. The units are lettered "A" and "B" consecutively from west to east. As provided in Section K.2. of the Declaration, at the option of the owner(s) of each unit, said unit may be relocated to any other location within the limited common element appurtenant to said unit, and the boundaries of said unit 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 a unit 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 Map, or within any required setbacks.

APPROXIMATE FLOOR AREA OF UNITS:

<u>Unit</u>	<u>Floor Area</u>
A	4,076 square feet of net living area 595 square feet of garage 796 square feet of lanais
B	962 square feet of net living area 237 square feet of covered lanais 650 square feet of garage/tractor storage

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

COMMON ELEMENTS:

The common elements include all other elements of the Project not included with any unit, including but not limited to:

- (a) The Property in fee simple;
- (b) Non-exclusive, perpetual easements for roadway purposes over Kumu Niu Place and Kai Hele Ku Street of the Mahanalua Nui subdivision;
- (c) Non-exclusive perpetual easements for roadway purposes (roads within the Mahanalua Nui Subdivision Phases 1, 2 and 3);
- (d) Any other easements and rights appurtenant to the Property;
- (e) The limited common elements described below; and
- (f) The common elements shall also include any other utility installations serving more than one unit, and all other portions of the condominium not in any unit.

LIMITED COMMON ELEMENTS:

Each unit has appurtenant to it and for its exclusive use the land described in the Condominium Map as appurtenant thereto. The Map describes these areas as "Limited Common Element A" appurtenant to Unit A and "Limited Common Element B" appurtenant to Unit B. Each area is appurtenant to and for the exclusive use of its unit and which is physically located on said limited common element as shown on the Condominium Map. Each limited common element includes the land located underneath the unit located thereon.

**EXHIBIT B**

**Encumbrances against Title**

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

2. Title to all mineral and metallic mines reserved to the State of Hawaii.

3. The rights of the United States of America, State of Hawaii, the municipality and the public, in and to that part of the premises in question falling in the bed of Launiupoko Stream; also the rights of the riparian owners in and to the free and unobstructed flow of the water of said stream, if any.

4. Lease in favor of Maui Electric Company, Limited and Hawaiian Telephone Company, dated October 13, 1967, recorded in Liber 5893 on Page 226; leasing and demising rights-of-way, each twenty-five (25) feet in width, over, across and under all lands owned and held by Pioneer Mill Company, Limited, situate in the District of Lahaina on the Island of Maui in the State of Hawaii, for a term of 35 years from the date thereof, and thereafter from year to year until terminated.

5. Grant of a perpetual right and easement for utility purposes in favor of Maui Electric Company, Limited, dated November 18, 1974, recorded in Liber 10268 on Page 94. (Said Easement being set forth as "Electrical Easement D" on Condominium Map No. 4313, filed in the Bureau of Conveyances of the State of Hawaii.)

(This grants a perpetual right and easement to build, construct, rebuild, reconstruct, maintain, operate and repair pole and wire lines and to use such poles, wires, guys, anchors and other appliances and equipment as may be necessary for the transmission and distribution of electricity.)\*

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Subdivision Agreement (Agricultural Use), dated June 18, 1992, recorded as Document No. 92-103494, by and between Pioneer Mill Company, Limited and the County of Maui.

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

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Private Water System Agreement, dated September 29, 1992, recorded as Document No. 92-164418, by and between Pioneer Mill Company, Limited and the Department Of Water Supply of the County of Maui.

(This releases the County of Maui from any obligation to provide water services or fire protection.)\*

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Covenants, Reservations and Restrictions, dated November 28, 1997, recorded as Document No. 97-166433. The foregoing includes, but is not limited to, matters relating to reservations in favor of Pioneer Mill Company, Limited, a Hawaii corporation, said reservations being more particularly described therein.

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.

(This affects the Mahanalua Nui subdivision as a whole and does not impact the individual lots.)\*

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed and Reservation of Rights, dated November 28, 1997, recorded as Document No. 97-166434.

(This affects the Mahanalua Nui subdivision as a whole and does not impact the individual lots.)\*

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Restrictive Covenants, dated November 25, 1998, recorded as Document No. 98-186637, as amended by instrument recorded as Document No. 2004-231124.

(This affects the Mahanalua Nui subdivision as a whole and does not impact the individual lots.)\*

11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Subdivision Agreement (Agricultural Use) dated April 8, 1999 recorded as Document No. 99-071686.

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

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Easement, recorded as Document No. 99-101191.

(This easement grants Maui Electric Company, Limited the right to place electrical lines and appurtenances within the easement area and creates limitations for the landowners encumbered by the easement, including but not limited to the restriction of buildings within the easement area.)\*

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalu Nui Subdivision at Launiupoko, dated July 13, 1999, recorded 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 Declaration was amended by instrument dated February 25, 2003, recorded as Document No. 2003-038050, and further by instrument dated November 9, 2004, recorded as Document No. 2004-231124, and further by instrument dated March 16, 2005, recorded as Document No. 2005-060479.

14. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Non-Exclusive, Perpetual Easement for Roadway Purposes (roads within Mahanalu Nui Subdivision), dated July 1, 1999, and recorded as Document No. 99-107599, as amended by instrument recorded as Document No. 2003-038051 and further amended by instrument recorded as Document No. 2004-231125 and Document 2006-062281 and Document 2006-081236.

15. Easement P-19(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

In Favor of : Mahanalua Nui Homeowners Association

Purpose: Park and Trailways Easement

As set forth in the Amended and Restated Declaration recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-114891, as amended. (Said Easement being also set forth on Condominium Map No. 4313 filed in said Bureau.)

16. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement for Allocation of Future Subdivision Potential, dated October 23, 2002, recorded in said Bureau as Document No. 2002-200711.

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

17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Warranty Deed, dated April 4, 2003, recorded in said Bureau as Document No. 2003-065352.

(These matters relate to the development of Mahanalua Nui as a whole and do not impact the use or enjoyment of units in this condominium.)\*

18. Mortgage in favor of IndyMac Bank, F.S.B., a federally chartered savings bank organized and existing under the laws of the United State of America, in the amount of \$2,205,000.00, dated March 9, 2006, recorded as Document No. 2006-049449.

19. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District, dated February 26, 2006, recorded in said Bureau as Document No. 2006-052325.

(This agreement creates a conditional approval of a building permit for a farm dwelling on agricultural land, emphasizing the fact that a farm dwelling is accessory to agricultural use of the property, and that the farm plan as designated in the application for building permit will be monitored by the County of Maui through its Department of Planning.)\*

20. Mortgage in favor of Stuart Brandel, as Tenant in Severalty, in the amount of \$800,000.00, dated June 21, 2006, recorded as Document No. 2006-156171.

21. Condominium Map No. 4313, recorded in the Bureau of Conveyances of the State of Hawaii.

22. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Condominium Property Regime of Royal View Condominium, dated September 13, 2006, recorded as Document No. 2006-178049, covered by Map 4313 and any amendments thereto.

23. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in By-Laws of the Association of Unit Owners of Royal View Condominium, dated September 13, 2006, recorded as Document No. 2006-178050.

\*Comments in parenthesis are explanations provided by Developer's attorney to assist Buyers in understanding the disclosures in this Exhibit B. They are not approved by the title company and will not be set forth or referred to in Buyer's title insurance policy to be issued in this purchase.

**EXHIBIT C**

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

Estimate of Initial Maintenance Fees:

<u>Unit</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
A	\$5.00 per month x 12 = \$60.00 per year
B	\$5.00 per month x 12 = \$60.00 per year

**Developer's Statement:** Buyer will be obligated to commence payments of common expenses immediately after closing of Buyer's purchase.

***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 units
Elevator	
Gas	[ ] common elements only
	[ ] common elements and units
Refuse Collection	
Telephone	
Water and Sewer	
Maintenance, Repairs and Supplies	
Building	
Grounds	
Management	
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance	
Reserves(*)	
Taxes and Government Assessments	
Audit Fees	\$10.00/month x 12 months = \$120.00
Other	
TOTAL	\$10.00/month x 12 months = \$120.00

I, the undersigned condominium developer for the Royal View 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.

		<u>October 9, 2006</u>
Royal View, CPR, LLC	(Signature)	Date
By: Brown Realty LLC		
Its: Member-Manager		
By: Gregory E. Brown		
Its: Member		

(\*) 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 §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514B-148, 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 Unit 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 §514B-148 and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

## 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 unit 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 unit.
- b. That the purchaser acknowledges having received and read a public report for the Project prior to signing the Deposit Receipt and Sales Contract.
- c. That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- 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 a unit.
- f. That the unit 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 unit, the Project or anything installed or contained in the unit 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 a unit 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.

EXHIBIT "F"

Certified to be a true and correct copy of the original recorded  
SEP 28 2006 in the Bureau of Conveyances of the  
State of Hawaii as  
DOC # 2006-178049  
By: JB  
FIDELITY NATIONAL TITLE INSURANCE COMPANY

Land Court System

Regular System

After Recordation, Return by Mail (xx) Pickup ( )

MANCINI, WELCH AND GEIGER  
33 LONO AVENUE, SUITE 470  
KAHULUI, HI 96732

FNTLC  
1201263

Total No. of Pages: 21

Tax Map Key No.: (2) 4-7-010-028

DECLARATION OF CONDOMINIUM PROPERTY REGIME

of

ROYAL VIEW CONDOMINIUM

CONDOMINIUM PROPERTY REGIME MAP NO. 4313

Declarant: Royal View, CPR, LLC, a Hawaii limited liability company  
505 Front Street, #214  
Lahaina, Hawaii 96761

EXHIBIT "F"

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SEP 28 2006 in the Bureau of Conveyances of the  
State of Hawaii as  
DOC # 2006-178049  
By: JB  
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ROYAL VIEW CONDOMINIUM  
 CONDOMINIUM PROPERTY REGIME MAP NO. 4313

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A. DEFINITION OF CERTAIN TERMS.

The terms defined below shall have the following meanings in this Declaration:

1. "Act" means the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes (July 1, 2006) as amended to the date of this Declaration.

2. "Unit owner" or "unit owners" means a person owning or persons owning jointly or in common a unit in the Project and the common interest appertaining thereto; provided that:

(a) To such extent and for such purposes, including the exercise of voting rights, as shall be provided by lease recorded in the recording office, a lessee of a unit shall be deemed to be a unit owner;

(b) The purchaser of a unit pursuant to an agreement of sale recorded in the recording office shall have all the rights of a unit owner; provided that the seller may retain the right to vote on "matters substantially affecting his security interest in the unit" as that term is used in the Act; and

(c) In the event that any interest in a unit is transferred to a trustee under a land title-holding trust under which substantially all powers of management, operation and control of the unit remain vested in the trust beneficiary or beneficiaries, the beneficiary or beneficiaries of any such trust shall be deemed to be the owner or owners of the unit to the extent of their interest therein except insofar as the trustee notifies the Association otherwise in writing. A transferee of the beneficial interest in any such trust shall have all of the rights and duties of a unit owner when notice of such transfer is given to the Association by the trustee. Unless and until such notice is given, the Association shall not be required to recognize the transferee for any purposes, and the transferor may continue to be recognized by the Association as the unit owner and shall have all of the rights and obligations of ownership.

3. "Association of Unit Owners" and "Association" means all owners of units in the project acting as a group as the "Royal View Condominium Association of Unit Owners" in accordance with this Declaration and the Bylaws.

4. "Board of Directors" refers to the Board of Directors of the Association.

5. "Bylaws" means the Bylaws of the Association recorded in the Bureau of Conveyances concurrently with this Declaration, as amended from time to time.

6. "Common elements" and "limited common elements" are defined in Sections D.4. and D.5. below.

7. "Condominium documents" and "project documents" means this Declaration, the Bylaws, Condominium Property Regime Map and any other condominium documents.

8. "Condominium Map" means the condominium site map, floor plans and elevations showing the layout, location, boundaries, unit numbers and dimensions of the units and elevations of the units of this project (as well as the elevations and floor plans of all buildings in the condominium), and the access to a public road or a common element leading to a public road for all units and buildings, and the layout, location, and numbers or other identifying information of the limited common elements, which Map is filed in the recording office as Condominium Property Regime Map No. 4313, as amended from time to time.

9. "Declarant" means Royal View, CPR, LLC, a Hawaii limited liability company.

10. "Declaration" means this Declaration of Condominium Property Regime of Royal View Condominium as amended from time to time.

11. "Developer" refers to the Declarant.

12. "Fee Owner" refers to the Declarant.

13. "Majority of owners" means the owners of units holding not less than 51% of the common interests.

14. The "Property" means the land described in Exhibit "A" attached hereto and made a part hereof.

15. The "Project" means this condominium.

16. "unit" is defined in the Act as the specific unit of condominium ownership.

#### B. SUBMISSION TO THE CONDOMINIUM PROPERTY REGIME.

The Fee Owner submits all of its right, title and interest in and to the land described in Exhibit "A" and all improvements now located or hereafter constructed on the land to a Condominium Property Regime as established by the Act. The Fee Owner declares that the land is owned and shall be owned, conveyed, mortgaged, encumbered, leased, rented, used, occupied, and improved subject to the declarations, restrictions, and conditions set forth in this Declaration and in the Bylaws filed in the recording office concurrently herewith, as they may hereafter be amended, which declarations, restrictions, covenants and conditions shall constitute equitable servitudes, liens and covenants running with the land and shall be binding on and shall inure to the benefit of the Fee Owner, all subsequent owners and lessees of units in the condominium, all subsequent owners and lessees of all or any part of the condominium and their respective heirs, successors, successors in trust, personal representatives and assigns. All of the provisions of this Declaration are intended to create mutual servitudes upon each unit within the condominium and to create reciprocal rights among the unit owners.

C. PROJECT NAME.

The Condominium Property Regime established hereby shall be known as "Royal View Condominium".

D. DESCRIPTION OF THE LAND, BUILDINGS AND UNITS.

1. Land . The land submitted to the Condominium Property Regime is described in Exhibit "A" attached hereto. The Land is submitted in fee simple.

2. Buildings and Units. The project consists of two farm dwelling units contained on the property as more fully described in Exhibit "B" attached hereto and as shown on the Condominium Map. If the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the latter shall control. The Condominium Map is intended to show the layout, location, unit numbers and dimensions of the units and elevations of the buildings and is not intended and shall not be deemed to contain or make any other representation or warranty.

This Declaration and the Condominium Map are subject to amendment to redefine the units and their limited common elements, as provided in Section K.2 below.

Note: The County of Maui has not approved the subdivision of the units and their respective limited common elements into separate subdivided lots.

3. Limits of Units . Each unit includes, but is not limited to, the exterior finished surfaces of all exterior walls, roofs, doors, windows and appurtenant structures and also includes all basements, foundations, underpinnings, doors, roofs, windows, structure and other appurtenances.

4. Common Elements . The common elements include all other elements of the Project not included within any unit, including but not limited to:

- (a) The Property in fee simple;
- (b) Non-exclusive, perpetual easements for roadway purposes over Kumu Niu Place and Kai Hele Ku Street of the Mahanalua Nui subdivision;
- (c) Non-exclusive perpetual easements for roadway purposes (roads within the Mahanalua Nui Subdivision Phases 1, 2 and 3);
- (d) Any other easements and rights appurtenant to the Property;
- (e) The limited common elements described below; and

- (f) The common elements shall also include any other utility installations serving more than one unit, and all other portions of the condominium not in any unit.

5. Limited Common Elements . Certain parts of the common elements, referred to as the "limited common elements", are hereby designated and set aside for the exclusive use of the units, and such units shall have appurtenant easements for the use of such limited common elements (subject to certain easements described in Section E below). The limited common elements are described in Exhibit "B" and are shown on the Condominium Map. Each unit shall have the exclusive use, possession and control of the land included in the limited common element appurtenant to said unit (subject to easements described below), for all purposes including but not limited to landscaping, agriculture, and recreation and also including the construction, maintenance, repair, replacement and use of any residence, garage, driveway, parking area, accessory building, swimming pool or other appurtenant facility.

The owner(s) of each unit will be responsible for all care, maintenance, control and operation of the limited common element appurtenant to said unit and all structures therein and all costs and obligations associated therewith, including the obligation to maintain appropriate casualty insurance on all structures erected within said limited common element (including the unit itself) and appropriate liability insurance covering all acts, omissions and conditions occurring within said limited common element. The owner(s) of each unit will indemnify the owner(s) and occupant(s) of the other unit against all loss, liability and expense of every kind (including attorneys' fees) which the indemnified owner(s) and occupant(s) may suffer or incur as a result of any condition within, the use of, or any acts or omissions of any persons within, the indemnifying owners' unit and limited common element (other than the acts or omissions of the indemnified owner(s) or occupant(s) themselves).

#### E. EASEMENTS.

In addition to the easements established as limited common elements, the units and common elements shall also have and be subject to the following easements:

1. Services . Each unit shall have an appurtenant easement in common with the other unit to use, repair and replace:
  - (a) All common facilities and other common elements located within any limited common element, if any; and
  - (b) All existing wires, pipes, lines, septic system and utility services which serve only said unit and which cross or are located within any common element or limited common element appurtenant to any other unit, including but not limited to water meters and underground waterlines and appurtenances serving Unit A over Limited Common Element B, and electrical vaults and underground electrical, cable television and

telephone lines, conduit and appurtenances serving Unit B over Limited Common Element A.

Said easement shall be together with a reasonable right of entry for said purposes. If any work is performed by a unit owner within a limited common element appurtenant to another unit, said work will be completed promptly and free of liens and the surface of the ground will be restored to even grade and planted with the same kind of vegetation as that removed while performing the work.

2. Drainage . Each unit or limited common element may be subject to existing drainage swales or courses which convey water from another area within or outside of the condominium. Easements in the continued drainage over said swales and courses shall be deemed to exist. The owner of the unit and the limited common element over which said swale or course runs shall have the right to relocate or redirect such swale or course within said limited common element from time to time provided that the drainage flow shall not be restricted and shall not be increased or changed at its point of exit from said limited common element in a manner which would impair or violate any abutters' rights or violate any law, regulation or governmental order or permit.

3. Electrical Easement "D". Limited Common Elements A and B are subject to an easement for electrical purposes, identified on the Condominium Map as "Electrical Easement 'D'", in favor of Maui Electric Company, Limited, which easement is further described in document dated November 18, 1974 recorded in the Bureau of Conveyances of the State of Hawaii in Liber 10268, Page 94.

4. Blanket Electrical Easement. 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.

5. Parks and Trailways Easement. Limited Common Element A is subject to an easement for Parks and Trailways purposes, identified on the Condominium Map as "Park & Trailway Easement 'P-19'", in favor of Mahanalua Nui Homeowners Association, as set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision at Launiupoko, dated July 13, 1999, recorded in the Bureau of Conveyances of the State of Hawaii, as Document No. 99-114891, as amended.

6. Other Easements. The condominium is subject to, and has the benefit of several other easements as set forth in section D.4 and Exhibit A and B hereto.

F. COMMON INTEREST.

1. Allocation of Undivided Common Interest. Unit A shall have a 50% undivided interest and Unit 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.

Notwithstanding the allocation of common interests in the preceding paragraph, the common interests for the sole purpose of the ownership of fee simple title to the underlying land (and, therefore, for the allocation of proceeds from the sale or partition of the land upon termination of the condominium or the taking of the land by eminent domain) shall be allocated between the units in proportion to the relative value of the land area included within the limited common elements appurtenant to each unit (determined as if each limited common element were a separate unimproved parcel of land), and not according to the common interests for financial and voting purposes as stated above. In the event of any dispute as to the relative land values, the unit owners shall submit the determination to binding arbitration in Wailuku, Hawaii, by a single arbitrator who shall be a qualified and independent real estate appraiser, under the rules of Dispute Prevention and Resolution, Inc., or another reputable dispute resolution firm.

2. Alterations and Transfers of Common Interest . The common interest and easements appurtenant to each unit shall have a permanent character and shall not be altered except by an amendment to this Declaration which contains the consent of all owners affected. The common interest and appurtenant easements shall not be separated from the unit to which they appertain and shall be deemed to be conveyed or encumbered with that unit even though such interest or easements are not expressly mentioned in the conveyance or other instrument. The common elements shall remain undivided and the right to partition or divide any part of the common elements shall not exist except as provided in the Act.

G. PURPOSES AND USE.

The Property and each of the units are intended for and shall be restricted to the following purposes and uses:

1. Use . Each of Units A and B and their respective appurtenant limited common elements shall at all times be occupied and used as:

- (a) A permanent or temporary residence as a farm dwelling in accordance with applicable laws, this Declaration and the Bylaws; and
- (b) Any other purpose, including agricultural purposes, permitted by applicable zoning and land use laws and regulations.

2. Expansion, Relocation and Construction . The owner(s) of each unit shall have the rights to expand, relocate and construct said unit as provided in Exhibit "B" hereto and Section K.2, subject, however, to the restrictions in this Declaration or applicable law.

3. Leasing . The owners of the respective units shall have the absolute right to sell, lease, rent or otherwise transfer such units subject to all provisions of the Act, this Declaration, the Bylaws and applicable law. Any lease or rental agreement of a unit shall provide that it shall be subject in all respects to the provisions of the condominium documents and that the failure of the lessee or tenant to comply with the terms of these documents shall be a default under the lease or rental agreement.

4. Nuisances . A unit owner shall not use his unit for any purpose which will create a nuisance or interfere with or unreasonably disturb the rights of other owners and occupants, except for the normal and reasonable inconveniences associated with agricultural uses and construction and use of a farm dwelling or other improvements.

5. Commercial Uses . Units and limited common elements shall not be used for commercial or industrial purposes, other than agricultural uses.

6. Limitations. As long as the applicable agricultural zoning and land use laws shall restrict the size of the second or "accessory" farm dwelling on the land and limits the number of dwellings, Unit B shall be deemed to be the accessory or "ohana" farm dwelling and may not be expanded beyond the size limitation applicable to such accessory dwelling (which on the date of this Declaration is 1,000 square feet of enclosed living area); and only one farm dwelling shall be permitted within each of Limited Common Elements A and B. Also the rules of the County of Maui may restrict the size of the main farm dwelling or Unit A.

Also, no unit owner shall expand his or her unit beyond any other size limit or setback under applicable zoning and land use laws or if the expansion would adversely affect the ability of any other unit owner to expand his or her unit under applicable zoning and land use laws. No unit owner shall create any additional dwellings beyond the single farm dwelling or accessory farm dwelling permitted under this Section 6 and applicable law.

7. Water and Fire Protection. The units are served by a private water company, operating under permits issued by the State of Hawaii, Public Utilities Commission. Currently the Property is provided two potable water meters by said private water company. Each unit will have appurtenant to it the water meter that shall be separately designated by Declarant. Each unit shall have the exclusive use of its appurtenant potable water meter, and shall be responsible for all communications with said private water company, including payment of water service. Declarant makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection. Also, irrigation water is available from a separate private water company. Currently there is only one irrigation (non-potable) water meter to the Property, serving Unit A exclusively. Unit B will be responsible for obtaining, installing, maintaining and replacing irrigation water service to its appurtenant Limited Common Element B.

8. Farm Plan. At the request of the owner of any unit, and as long as the applicable agricultural zoning and land use laws shall require that agriculture-zoned land be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A, the unit owners agree to proceed promptly, diligently, cooperatively and in good faith to create and implement a farm plan. Unit A and Unit B shall each commit an equal percentage of their appurtenant limited common element areas to be used for agriculture or agricultural land conservation, in order that no less than 51% (or the appropriate percentage as required by the applicable governmental agency) of the condominium land area as a whole shall be used for agriculture or any other uses as required by the appropriate governmental agency. In this effort, all unit owners will act cooperatively and in good faith, will respond promptly and with an open mind to inquiries and communications from the other(s), will execute such authorizations and applications and will take all actions as members of the Association with the mutual objective of implementing said farm plan as soon as reasonably possible. Also the parties agree to mutually execute and record a "unilateral agreement" as may be required by the County of Maui.

#### H. ADMINISTRATION OF PROJECT.

1. Administration. The administration of the condominium shall be governed by the Act, the condominium documents and the unit deed demising to each owner his interest in his unit and the common elements of the condominium, as the same may be amended from time to time. The right and duty to administer the condominium as a whole is vested in the Association and the Board of Directors in accordance with this Declaration and Bylaws. As described in this Declaration, the owner(s) of each unit has the sole control and responsibility over the maintenance, operation and use of said unit, all appurtenant structures and all of the land appurtenant to said unit as a limited common element. Therefore, the administrative functions of the Association and the Board of Directors are reduced to a bare minimum, to consist of:

- (a) Carrying liability insurance in reasonable amounts (to be determined by the Association) with respect to any area required by law to be insured by the Association;
- (b) Maintaining any shared waterlines and electrical lines and appurtenances, if any; and
- (c) Any other functions, if any, which are required by law to be held and exercised by the Association or by the Board of Directors under the terms of the Act.

To the extent required by the Act, the Association will purchase and maintain such insurance as may be required under Section 514B-143 of the Act, or obtain appropriate assurances that the unit owner(s) are maintaining such insurance.

Further, if and to the extent such approval is required by law, the Board of Directors shall routinely approve all additions and alterations of a unit made within such unit or within the limited common element appurtenant to said unit upon the sole condition that the owner(s) of said unit provide reasonable assurance to the Board of Directors that said additions or alterations are in accordance with applicable zoning laws, building codes and this Declaration and will be constructed without risk of any mechanic's or materialman's liens affecting the other unit or its limited common element.

2. Maintenance of Units and Limited Common Elements. The owner(s) of each unit will be solely responsible for all care, maintenance, control, repair and replacement of said unit, both interior and exterior, structural and non-structural and the limited common elements appurtenant to said unit; Each owner shall have the affirmative obligation to keep said areas in neat and attractive condition, with vegetation trimmed and all improvements in good order and repair.

3. Service of Process . The initial agent to receive service of process shall be Gregory E. Brown, whose mailing address is 505 Front Street, #214, Lahaina, Hawaii 96761.

#### I. INSURANCE AND DAMAGE.

The owner of each unit is responsible for insuring said unit and its limited common elements. If and to the extent such insurance is required by law to be maintained by the Association, the Association shall do so at the expense of each insured unit owner, and in the event of any damage or destruction to any unit or its limited common elements, shall pay over all proceeds to the owner(s) of said unit. The owner(s) of each unit is entitled to all proceeds of all casualty insurance carried by said owner(s) with respect to said owners' unit, limited common element and improvements thereto. Any damaged improvement may in said owner's discretion be repaired and restored to its original plan or a modified plan at the sole expense of the owner(s) of the unit or limited common element or improvement thereto which shall have been so damaged or destroyed.

#### J. COMPLIANCE WITH CONDOMINIUM DOCUMENTS.

1. Compliance . All unit owners, their tenants, families, employees and guests, and any other persons who may in any manner use the Property, shall be bound by and comply strictly with the provisions of the condominium documents and all agreements and determinations of the Association as lawfully made or amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Board of Directors on behalf of the Association or, in a proper case, by any aggrieved unit owner.

2. Costs . All costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Association for: (i) collecting any delinquent assessments against any owner's unit, (ii) foreclosing any lien thereon, (iii) enforcing any provision of the project

documents or the Act against a unit owner shall be promptly paid on demand to the Association by the unit owner; provided, that if the claims upon which the Association takes any action are not substantiated, all costs and expenses, including reasonable attorneys' fees, incurred by the unit owner as a result of the action of the Association, shall be promptly paid on demand to the unit owner by the Association.

K. AMENDMENTS OF THE DECLARATION.

1. Votes and Consents . Except as otherwise expressly provided below, or in the project documents or in the Act, this Declaration may be amended by the affirmative vote of owners of Units holding not less than 67% of the total common interests, at a meeting of the Association called for the purpose, or by written consent without a meeting, except that no vote which shall change a unit's common interest, the boundaries or use of its limited common elements, or its rights under Section K.2 below shall be valid without the express vote or written consent of the Owner(s) of said unit. An amendment will be effective when a written instrument, duly executed by the owners of both units is recorded at the recording office.

2. Expansion and Alteration . If the owner(s) of any unit shall expand, relocate and reconstruct his, her or their unit from time to time within its limited common element, said owner(s) shall have the right, at any time, to unilaterally amend this Declaration and the Condominium Map to conform the unit boundaries to the new or expanded structure. Said amendment shall define the changed unit boundaries so as to include all exterior surfaces of all exterior walls, doors, windows, roofs and appurtenant structures of the unit as so expanded, relocated or reconstructed as well as all foundations and interior and exterior structural and non-structural components of the structure containing said unit. Each such amendment will be executed and recorded by the owner(s) of said unit and any mortgagee thereof who shall have reserved the right to approve any such amendment, and will not require the consent or approval of the Board of Directors, the Association or the owner(s) of the other unit which is not affected by the amendment. Each such amendment will only alter or relocate the unit boundaries or establish an additional unit but will not change (a) the common interest or Limited Common Element appurtenant to any unit or (b) change any other provision of this Declaration.

Each such amendment will be executed and recorded by said owner(s) at no cost or expense to the owner(s) of the other units in the condominium. This Section K.2 shall be deemed to be a reservation by and for the benefit of each unit separately to amend the Declaration and Condominium Map to set forth the above-described modifications, pursuant to Section 514B-32(12) of the Act, including the power to implement such amendments without requiring the vote or approval of the owner(s) of the other unit. Further, said right and authority shall be deemed to be appurtenant to said unit and shall be deemed to be transferred and assigned to subsequent transferees of said unit automatically upon subsequent transfers of fee simple title of said unit.

Notwithstanding the fact that such owner(s) in any case shall not have amended the Declaration as provided above with respect to any expanded, relocated or modified

structure, said owner(s) shall nevertheless have the exclusive use, possession, enjoyment and control of said structure and the sole responsibility with respect thereto in all respects as if said structure were wholly within the unit boundaries.

#### L. SUBDIVISION AND TERMINATION.

At the request of the owner of any unit, and if subdivision is permitted under applicable laws without expense for subdivision improvements or compensation to the County for impacts on public facilities, the unit owners agree to proceed promptly, diligently, cooperatively and in good faith to subdivide the Property into two lots with the boundaries and areas conforming to those of Limited Common Elements A and B, respectively, and with appropriate easements defined for:

- (a) The use, operation, maintenance, repair and replacement of any water lines, electric lines, conduit, phone and cable television lines and all other utilities of one owner crossing land of the other, including but not limited to waterlines and appurtenances crossing Limited Common Element B to serve Unit A, and electrical, cable television and telephone lines and appurtenances crossing Limited Common Element A to serve Unit B; and
- (b) The joint use, operation, maintenance, repair and replacement of any joint facilities.

In this effort, all unit owners will act cooperatively and in good faith, will respond promptly and with an open mind to inquiries and communications from the other(s), will execute such authorizations and applications and will take all actions as members of the Association with the mutual objective of implementing said subdivision (or consolidation and re-subdivision), efficiently and as soon as reasonably possible.

The cost of said action shall be paid for by the unit owners as a common expense, as and when incurred, including all filing fees, on-site infrastructure costs if any, engineering and legal costs, and the like. The engineer shall be a person approved by both unit owners.

Promptly upon the issuance of final subdivision approval by the Maui County Department of Public Works and Environmental Management, the unit owners agree to execute all necessary documents to (a) terminate this condominium; (b) convey the fee simple title to the subdivided areas to their respective former unit owners; (c) establish necessary easements described above, and (d) release each fee simple property being conveyed to a former unit owner from the encumbrance of each mortgage and lien which is the debt of the other unit owner so that each unit owner shall receive good and marketable title to its land free and clear of this condominium and all liens and encumbrances except the encumbrances which existed immediately prior to the recording of this Declaration of Condominium Property Regime and the easements referred to in clause (c) above.

M. MISCELLANEOUS.

1. Invalidity . If any provision of this Declaration shall be declared invalid, all other provisions of this Declaration shall continue in full force and effect as if the invalid provision had not been included.

2. Incorporation of Exhibits . All Exhibits attached to this Declaration are incorporated herein by reference.

3. Incorporation of Condominium Property Regime Map . Condominium Property Regime Map No. 4313 is incorporated herein by reference.

4. Mediation. Any dispute which cannot be resolved by negotiation shall be promptly submitted by either party to non-binding mediation with the Dispute Prevention and Resolution, Inc., or other reputable dispute resolution firm in Wailuku, Hawaii for attempted resolution before any action is filed in litigation (or for arbitration, as the case may be).

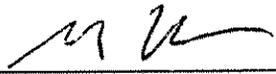
5. Other Terms. Terms which are used in this Declaration but are not otherwise defined shall have the meaning given to those terms by the Act, if defined therein.

N. DECLARATION REGARDING ZONING.

The Declarant hereby declares, subject to penalties as provided by the Act, that the condominium created hereby is in compliance with all County of Maui zoning and building ordinances and codes.

IN WITNESS WHEREOF, the Fee Owner has executed this instrument this 13th day of September, 2006.

ROYAL VIEW, CPR, LLC  
By: BROWN REALTY LLC  
Its: Member-Manager

  
\_\_\_\_\_  
By: GREGORY E. BROWN  
Its: Member

FEE OWNER(S)

STATE OF HAWAII

)

) SS.

COUNTY OF MAUI

)

On this 13th day of September, 2006, before me personally appeared **GREGORY E. BROWN**, to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

*Joyce M. Takitani*

Notary Public, State of Hawaii

Print Name: Joyce M. Takitani

My Commission Expires: 8/16/07

EXHIBIT "A"

Lot 4  
Mahanalua Nui Subdivision, Phase II  
Being a Portion of Royal Patent 1358, Land Commission Award 82 to Thomas Phillips  
Situate at Launiupoko, Lahaina, Maui, Hawaii

Beginning at the Southeast corner of this parcel of land, being also the Northeast corner of Lot 3 and on the Southwest side of Roadway Lot 46 (Kumu Niu Place) of the Mahanalua Nui Subdivision, Phase III, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LAUNIUPOKO" being 5,628.73 feet North and 1,218.08 feet West and running by azimuths measured clockwise from true South:

- |    |              |        |  |
|----|--------------|--------|--|
| 1. | 71° 05' 00"  | 425.08 | feet along Lot 3 of the Mahanalua Nui Subdivision, Phase III, along the remainder of Royal Patent Grant No. 1358, Land Commission Award No. 82 to Thomas Phillips  |
| 2. | 169° 04' 10" | 17.44  | feet along Lot B-1 of the Mahanalua Nui Subdivision, Phase III, along the remainder of Royal Patent Grant No. 1358, Land Commission Award No. 82 to Thomas Phillips  |
| 3. | 165° 20' 00" | 173.44 | feet along the same  |
| 4. | 244° 45' 00" | 404.95 | feet along Lot 5 of the Mahanalua Nui Subdivision, Phase III, along the remainder of Royal Patent Grant No. 1358, Land Commission Award No. 82 to Thomas Phillips  |
| 5. | 334° 45' 00" | 23.27  | feet along the Westerly side of Roadway Lot 46 (Kumu Niu Place) of the Mahanalua Nui Subdivision, Phase III, along the remainder of Royal Patent Grant No. 1358, Land Commission Award No. 82 to Thomas Phillips |
| 6. | 337° 55' 00" | 86.18  | feet   |
| 7. | 341° 05' 00" | 125.73 | feet along the same, to the point of beginning and containing an area of 2.028 acres, more or less.  |

TOGETHER WITH non-exclusive, perpetual easements for vehicular and pedestrian access and for the maintenance, operation, repair, and replacement of an access roadway, wires utilities, and landscaping purposes over (a) Kai Hele Ku Street (Lot B-2), more particularly described by Non-Exclusive Perpetual Easement for Roadway Purposes Kai Hale Ku made by

Launiupoko Associates LLC, a Hawaii limited liability company, as Grantor, to Mahanahua Nui Homeowners Association, Inc., a nonprofit corporation, as Grantee, dated June 14, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-102466; and (b) all other roads in Mahanahua Nui Subdivision Phases 1 & 2 as more particularly described in the Declaration of Non-Exclusive Perpetual Easements for Roadway Purposes (Roads Within Mahanahua Nui Subdivision Phases 1 & 2) dated July 1, 1999, recorded in said Bureau of Conveyances as Document No. 99-107599, as amended, PROVIDED, HOWEVER, that if and when any such road shall be conveyed to or acquired by any governmental authority as a public highway, then all private easement rights granted hereby in said road lots shall automatically terminate.

TOGETHER ALSO WITH the membership in the Mahanahua Nui Homeowners Association, Inc., and all rights easements and use of common area appurtenant to the property conveyed herein, as set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Mahanahua Nui Subdivision at Launiupoko dated July 13, 1999, recorded in said Bureau of Conveyances, State of Hawaii, as Document No. 99-114891, as the same may be amended from time to time.

END OF EXHIBIT "A"

EXHIBIT B

ROYAL VIEW CONDOMINIUM

DESCRIPTION OF BUILDINGS:

The condominium consists of two separate units, each of which is a farm dwelling. Each unit is located on that portion of the land defined on the Condominium Map as a limited common element appurtenant to and for the exclusive use of said unit. Each building is constructed primarily of wood, concrete, glass and related materials. Upon expansion, relocation, construction or reconstruction of any unit by any owner(s) thereof as provided in the Declaration, the modified or new building containing any unit 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 UNITS:

The condominium shall consist of two (2) units designated Unit "A" and Unit "B", with Unit "A" the western most and Unit "B" the eastern most. Each unit is shown on the Condominium Map.

Unit "A" is a one-story farm dwelling containing 3,730 square feet of net living area, and includes three bedrooms, three and one half bathrooms, a kitchen, great room, dining room, study, laundry room, pantry, closet spaces (including two walk-in closets), an entry lanai and covered lanais (including 796 square feet of area), and an attached two-car garage (containing 572 square feet of area).

Unit "B" is a one-story farm dwelling containing 936 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, living room, hallway and closet spaces, and covered lanais (including 237 square feet of area), and an attached two-car garage and tractor storage (containing 650 square feet of area).

Each unit has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to a private roadway (Kumu Niu Place), which provides access to another private roadway (Kai Hele Ku Street), which provides access to a public road (Honoapiilani Highway).

The boundaries of each unit 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 unit is delegated to the owner(s) of said unit, and all of the cost thereof shall be borne by the owner(s) of said unit, at no cost to the owner(s) of any other unit or the association.

LOCATION, RELOCATION, AND NUMBERING OF UNITS:

Each unit is located as shown on the Condominium Map. The units are lettered "A" and "B" consecutively from west to east. As provided in Section K.2. of the Declaration, at the option of the owner(s) of each unit, said unit may be relocated to any other location within the limited common element appurtenant to said unit, and the boundaries of said unit 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 a unit 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 Map, or within any required setbacks.

APPROXIMATE FLOOR AREA OF UNITS:

<u>Unit</u>	<u>Floor Area</u>
A	3,730 square feet of net living area 572 square feet of garage 796 square feet of lanais
B	936 square feet of net living area 237 square feet of covered lanais 650 square feet of garage/tractor storage

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

COMMON ELEMENTS:

The common elements include all other elements of the Project not included with any unit, including but not limited to:

- (a) The Property in fee simple;
- (b) Non-exclusive, perpetual easements for roadway purposes over Kumu Niu Place and Kai Hele Ku Street of the Mahanalua Nui subdivision;
- (c) Non-exclusive perpetual easements for roadway purposes (roads within the Mahanalua Nui Subdivision Phases 1, 2 and 3);
- (d) Any other easements and rights appurtenant to the Property;
- (e) The limited common elements described below; and
- (f) The common elements shall also include any other utility installations serving more than one unit, and all other portions of the condominium not in any unit.

LIMITED COMMON ELEMENTS:

Each unit has appurtenant to it and for its exclusive use the land described in the Condominium Map as appurtenant thereto. The Map describes these areas as "Limited Common Element A" appurtenant to Unit A and "Limited Common Element B" appurtenant to Unit B. Each area is appurtenant to and for the exclusive use of its unit and which is physically located on said limited common element as shown on the Condominium Map. Each limited common element includes the land located underneath the unit located thereon.

EXHIBIT "B"  
(Page 3 of 3)

END OF EXHIBIT "F"

EXHIBIT "G"

Certified to be a true and correct copy of the original recorded  
SEP 28 2006 in the Bureau of Conveyances of the  
State of Hawaii as

DOC # 2006-178050

By: NB  
FIDELITY NATIONAL TITLE INSURANCE COMPANY

LAND COURT SYSTEM

REGULAR SYSTEM

After Recordation, Return by Mail (xx) Pickup ()

MANCINI, WELCH AND GEIGER  
33 LONO AVENUE, SUITE 470  
KAHULUI, HI 96732

FNTIC  
1201263

Total No. of Pages: 26

BYLAWS OF THE  
ROYAL VIEW CONDOMINIUM ASSOCIATION OF UNIT OWNERS

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BYLAWS OF THE  
ROYAL VIEW CONDOMINIUM ASSOCIATION OF UNIT OWNERS

ARTICLE 1. INTRODUCTORY PROVISIONS

1.1 Definitions . The terms used in these bylaws shall have the meanings given to them in the declaration (as hereinafter defined) and in Chapter 514B, Hawaii Revised Statutes, as amended, except as otherwise expressly stated otherwise. Unless clearly repugnant to the context, the following terms, whenever used in these bylaws, shall have the following meanings:

(a) "Fee Owner" refers to Royal View, CPR, LLC, a Hawaii limited liability company, whose mailing address is 505 Front Street, #214, Lahaina, Hawaii 96761.

(b) "Developer" refers to Fee Owner.

(c) "Act" means the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes (HRS), as amended.

(d) "Unit" refers to a unit in the project as identified in and created under the declaration and shall include the appurtenant common interest.

(e) "Unit deed" refers to the grant of a unit from the Fee Owner to an owner which is recorded in the Bureau of Conveyances.

(f) "Association of unit owners" and "association" means all owners of units in the project acting as a group in accordance with the declaration and bylaws. The association shall be incorporated as a Hawaii corporation under HRS Chapter 415B.

(g) "Board of directors" or "board" means the board of directors of the association.

(h) "Bureau of Conveyances" means, for convenience, the Bureau of Conveyances of the State of Hawaii, or the office of the Assistant Registrar of the Land Court of the State of Hawaii, as the case may be, being the office in which conveyances of land located in Hawaii are recorded.

(i) "Bylaws" means these bylaws, as amended from time to time.

(j) "Common elements" means those things designated as common elements in the declaration, including the limited common elements.

(k) "Condominium Map" means the condominium site map, floor plans and elevations showing the layout, location, boundaries, unit numbers and dimensions of the units and elevations of the units of this project (as well as the elevations and floor plans of all buildings in the condominium), and the access to a public road or a common element leading to a public road for all units and buildings, and the layout, location, and numbers or other identifying information of the limited common elements, which Map is filed in the recording office as Condominium Property Regime Map No. 4313, as amended from time to time.

(l) "Declaration" means the Declaration of Condominium Property Regime of "ROYAL VIEW CONDOMINIUM" recorded in the Bureau of Conveyances as Document No. 3006-178049, as amended from time to time.

(m) "Limited common elements" means those common elements identified as limited common elements in the declaration.

(n) "Majority of owners" (or other specified percentage of, or all of, owners) has the same meaning as set forth in the Declaration. Each unit shall have equal voting rights on all condominium matters.

(o) "Owner" means a person owning severally or as a cotenant the fee simple title to a unit and the common interest appertaining thereto; provided that:

(1) To such extent and for such purposes, including the exercise of voting rights, as shall be provided by lease recorded in the Bureau of Conveyances, a lessee of a unit shall be deemed to be the owner;

(2) The purchaser of a unit pursuant to an agreement of sale recorded in the Bureau of Conveyances shall have all the rights of an owner; provided that the seller may retain the right to vote on "matters substantially affecting his security interest in the unit" as that term is used in the Act; and

(3) In the event that any interest in a unit is transferred to a trustee under a land title-holding trust under which substantially all powers of management, operation and control of the unit remain vested in the trust beneficiary or beneficiaries, the beneficiary or beneficiaries of any such trust shall be deemed to be the owner or owners of the unit to the extent of their beneficial interest except insofar as the trustee notifies the association otherwise in writing. A transferee of the beneficial interest in any such trust shall have all of the rights and duties of an owner when notice of such transfer is given to the association by the trustee. Unless and until such notice is given, the association shall not be required to recognize the transferee for any purposes, and the transferor may continue to be recognized by the association as the owner and shall have all of the rights and obligations of ownership.

(p) "Person" shall refer to an individual, corporation, partnership, association or other legal entity.

(q) "Project" shall refer to this condominium.

(r) "Project documents" means the declaration, these bylaws, the Condominium Map and any other condominium documents.

(s) "Property" means the land, the buildings and all other improvements and structures thereon (including the units, the limited common elements and the common elements) and all easements, rights and appurtenances belonging thereto, and all other property with respect to which a condominium property regime shall exist from time to time pursuant to the declaration.

1.2 Adoption Of Bylaws . The Fee Owner has established a Condominium Property Regime by the execution and recordation of the Declaration affecting the land described in Exhibit "A" attached thereto. The Fee Owner declares that the property constituting the Condominium Property Regime is owned and shall be owned, conveyed, mortgaged, encumbered, leased, rented, used, occupied, and improved subject to the declarations, restrictions, and conditions set forth in these bylaws, all of which are declared to be in furtherance of the plan set forth in the declaration, and are established for the purpose of enhancing and preserving the value, desirability and attractiveness of the property. These bylaws shall constitute equitable servitudes, liens and covenants running with the land and all units and shall be binding on and shall inure to the benefit of all persons having or acquiring any right, title or interest in the property.

1.3 Conflicts . These bylaws are intended to comply with the Act. In case of any conflict with the Act or the declaration, the Act or the declaration, as the case may be, shall control.

1.4 Application . All present and future owners, lessees, mortgagees, purchasers under agreements of sale, tenants and occupants of units and their guests, patrons, customers, other business invitees and employees, and any other persons who may use any part of the project in any manner are subject to the project documents, as each may be amended from time to time. The acceptance of a unit deed or other conveyance, or the entry into a rental agreement of a unit, or the act of occupying a unit or limited common element, shall constitute an agreement that the project documents, as they may be amended from time to time, are accepted, ratified and will be strictly complied with.

## ARTICLE 2.ASSOCIATION OF OWNERS

2.1 Membership . All owners shall constitute the association. Each owner shall become a member of the association upon acquiring title to a unit. Membership shall terminate only when ownership of the unit ceases for any reason. It is intended that the association qualify as a Homeowner's Association under Section 520 of the Internal Revenue Code of 1954, as amended.

### 2.2 Meetings Of The Association .

(a) First Meeting. The Developer shall call the first meeting of the association not later than one hundred eighty days after recordation in the Bureau of Conveyances of the first unit conveyance to the first unit purchaser; provided that forty per cent or more of the project has been sold and recorded. If forty per cent of the project is not sold and recorded at the end of one year after recordation of the first unit conveyance, an annual meeting shall be called if ten per cent of the unit owners so request. At such meeting, a board of directors will be elected to serve until the next annual meeting. Notwithstanding anything to the contrary contained in these bylaws, the Developer shall be entitled to vote and act on all matters as the association and the board of directors until such time as the first meeting of the association or the sale of a unit is recorded, whichever occurs later. In any event, the Developer shall transfer control of the association to the owners no later than the time required for such transfer under the Act.

(b) Annual Meetings. Annual meetings of the association shall be held within ninety days following the close of the fiscal year of the association on such date as the president may designate. If the president shall fail to designate such date by the forty-fifth day following the close of the fiscal year, then on the third Tuesday in the third calendar month following the close of the fiscal year. Each annual meeting shall be a general meeting and any business within the powers of the association, without special notice of such business, may be transacted except as limited by law, the declaration or these bylaws. The board by resolution or a majority of all of the owners by petition may establish regular meetings.

(c) Special Meetings. Special meetings of the association may be called by the president or by any one director or by a petition to the secretary signed by the owner(s) of any two units. Upon receipt of the call for a meeting, the secretary shall send notice of the meeting to all owners. If the secretary does not send out the notices for the special meeting within fourteen days of the receipt of a proper call for a meeting, the person or petitioners calling for the meeting may send them. The meeting shall be held at the time and place specified in such call, or if unspecified, at any reasonable time within forty-five days from the date the call was received. Except as provided otherwise in these bylaws or by law, only such business shall be transacted at any special meeting as shall have been indicated by a specific or general description in the notice of the meeting. A special meeting and procedures adopted for the removal and replacement of directors shall be conducted in accordance with the provisions of these bylaws pertaining to the removal, replacement and election of directors.

(d) Adjournment. Any meeting of the association may be adjourned to a time not less than forty-eight hours from the time the original meeting was called, to such place and time as may be determined by majority vote of the owners present at the meeting, either in person or by proxy and whether or not a quorum is present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

(e) Place of Meetings. All meetings of the association shall be held at the address of the project or elsewhere within the State of Hawaii convenient to the owners as designated by the board; provided that in the event of a natural disaster, such as a hurricane, an association meeting may be held outside the State.

2.3 Notice of Meetings. The notice of every meeting of the association shall state whether it is an annual or special meeting, the date, time and place of the meeting, the items on the agenda for the meeting and a standard proxy form authorized by the association, if any, and any other information permitted or required to be given by these bylaws. Notice of each association meeting, whether annual or special, shall be given at least fourteen days but no more than forty-five days before the date of the meeting. If notice is given pursuant to the provisions of these bylaws, the failure of any owner to receive actual notice of a meeting shall not invalidate the meeting or any proceedings taken at the meeting. The presence of an owner or unit mortgagee, in person or by proxy, at any meeting shall constitute a waiver of any required notice to that owner or mortgagee unless an owner shall at the opening of such meeting object to the holding of the meeting because of the failure to comply with the provisions of this section.

2.4 Quorum. Except as otherwise provided in these bylaws, the presence in person or by proxy of a majority of the owners shall constitute a quorum at all meetings of owners.

2.5 Acts of Association. The vote of a majority of the owners present shall be the acts of the association and binding upon all owners for all purposes.

2.6 Voting.

(a) Who Is Entitled To Vote. Each unit shall be entitled to 50% of the total vote of all units. Votes allocated to any area which constitutes a common area under the Act (while it is held by the association and administered as a common element) shall not be cast at any association meeting, whether or not it is so designated in the declaration. Votes may be cast in person or by proxy. A personal representative, guardian, conservator, or trustee may vote the percentage of vote for any unit owned or controlled by him in such capacity, provided that he shall first have presented evidence satisfactory to the association that he owns or controls the unit in such capacity. When a unit is owned of record by two or more persons, any one of them present at any meeting may exercise the voting rights appurtenant to the unit in the absence of protest by any other owners. In case of protest, each cotenant shall be entitled to vote a fraction only of such vote in proportion to his share of ownership in such unit. Notwithstanding anything to the contrary provided herein, the Developer shall be entitled to vote and act on all matters as the association and the board of directors until such time as the first meeting of the association or conveyance of a unit of the project, whichever occurs later. Thereafter, the Developer, as the owner of any unsold units, shall be entitled to vote the interest of each such unit.

(b) Cumulative Voting. Directors shall be elected by cumulative voting. The total number of votes which each owner may cast in an election for directors is determined by multiplying the votes the owner is entitled to vote on a non-cumulative basis multiplied by the number of directors to be elected. Each owner is entitled to cumulate his votes and give all of them to one nominee or to distribute

his votes among any or all of the nominees. The nominees receiving the highest number of votes on the cumulative basis, up to the total number of directors to be elected, shall be deemed elected.

2.7 Proxies and Pledges . Proxies and Pledges shall be governed by the Act.

2.8 Order and Conduct of Business . The order of business at all meetings of the association shall be generally as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Report of board of directors;
- (f) Reports of committees (if any);
- (g) Election of inspectors of election (when required);
- (h) Election of members of the board of directors (when required);
- (i) Appointment of auditor;
- (j) Unfinished business; and
- (k) New business.

All meetings shall be conducted in accordance with the most current edition of Robert's Rules of Order.

2.9 Committees . The association may create and appoint such general or special committees as the affairs of the association may require and define the authority and duties of such committees.

2.10 Candidates for Election to Board of Directors . Each candidate for election or reelection to the board of directors may submit to the board for distribution to each member of the association prior to the election, a personal biography which shall include a disclosure of any significant business connection, financial or otherwise, with any current insurer or managing agent.

2.11 Restriction . The Association's employees will not engage in selling or renting units, except Association-owned units, unless such activity is approved by an affirmative vote of sixty-five percent of the membership.

### ARTICLE 3. BOARD OF DIRECTORS

3.1 Number and Qualification . The affairs of the association shall be governed by a board of directors. The board of directors shall be composed of two persons. Each director shall be an owner or co-owner of a unit in the condominium. An officer of a corporate owner, the general partners of a general or limited partnership, and the fiduciary or officer of the fiduciary owner, respectively, shall be deemed to be owners for the purposes of this section. There shall not be more than one representative

on the board of Directors from any one unit. A resident manager of the project shall not serve on the board

3.2 Election and Term of Office . At the first annual meeting of the association, each director shall be elected for a term of three (3) years. At the expiration of the term of office of each director, his successor shall be elected to serve a term of three (3) years. Each director whose term has expired shall continue to exercise the powers and duties of the office until his successor has been duly elected.

3.3 Removal . At any regular or special meeting of owners, any one or more directors may be removed with or without cause by a majority of the owners and a successor shall then and there be elected for the remainder of the term to fill the vacancy thus created; provided, however, that if such removal and replacement is to occur at a special meeting, the call for such meeting shall be by the president or by a petition to the secretary or managing agent signed by not less than the owner(s) of one unit, and provided further that if the secretary or managing agent does not send out the notices for the special meeting within fourteen (14) days of receipt of the petition, the petitioners shall send out the notices for the special meeting. Any member of the board whose removal has been proposed by an owner shall be given an opportunity to be heard at the meeting. Except as otherwise provided in HRS Chapter 514B, any meeting for removal and replacement of directors shall be scheduled, noticed and conducted in accordance with these bylaws.

3.4 Vacancies . Vacancies in the board caused by any reason shall be filled by a vote of all other owners of the unit of which the former director was an owner. Each person so elected shall be a director for the remainder of the term of the director whose vacancy he fills (unless sooner removed) or until his successor is elected at the next annual meeting of the association. Death, incapacity or resignation of any director, or his ceasing to be an owner or co-owner or the purchaser of a unit shall cause his office to be vacant.

### 3.5 Meetings Of the Board Of Directors .

(a) Organizational Meeting. The annual meeting of the board of Directors shall be held at the place of and immediately following each annual meeting of the association. No separate notice other than the notice of the annual meeting of the association shall be necessary for such meeting. At such meeting the board shall elect the officers of the association for the ensuing year.

(b) Regular Meetings. Regular meetings of the board may be held at such time and place as shall be determined from time to time by a majority of the board. The board shall meet at least once a year in addition to the annual meeting. The Developer, when acting as the board of directors as provided in section 2.2(a), may act without a formal meeting, call or notice.

(c) Special Meetings. Special meetings of the board may be called by the president and will be called by the secretary promptly upon the written request of one or more directors.

(d) Open and Executive Sessions. All meetings of the board of directors shall be open to all owners. Owners who are not directors may participate in any deliberation or discussion unless expressly precluded from participating by the vote of a majority of a quorum of the board of directors. The board of directors, with the approval of a majority of a quorum, may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters or pending or threatened litigation or orders of business of a similar nature. The nature and all business to be considered in executive session shall first be announced in open session.

(e) Attendance By Telephone. Members of the board of directors or of any committee may participate in a meeting by means of a conference telephone or similar communication

equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

(f) Conduct of Meetings. All meetings of the board shall be conducted in accordance with the most current edition of Robert's Rules of Order. Directors shall not cast any proxy vote at any board meeting. Minutes shall be kept and shall record the vote of each board member on all motions, except motions voted on in executive session.

3.6 Notice. Fourteen days' prior written notice of regular meetings, if practicable, and at least three business days prior written notice of special meetings shall be given to each director. Whenever practicable, notices of meetings shall be posted prominently within the condominium 72 hours before the meeting.

3.7 Waiver of Notice. A director may waive notice of any meeting of the board in writing. Attendance at a meeting shall constitute a waiver of notice of the time and place of the meeting. If all the directors are present at a meeting of the board, notice shall not be required and any business may be transacted at such meeting.

3.8 Quorum of Board of Directors. At all meetings of the board a majority of the total number of directors shall constitute a quorum for the transaction of business. The votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board. If less than a quorum shall be present at any meeting of the board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.9 Conflicts of Interest. A director may not vote at any meeting on any issue in which he has a conflict of interest. The determination of whether a conflict of interest exists as to a particular director or directors shall be determined by a majority of the non-interested directors, which determination shall be conclusive and binding on all parties. If abstentions for such a reason would result in less than a majority being able to vote, the directors who do not abstain shall appoint one or more persons as temporary directors to vote on the matter in question.

3.10 Compensation. Directors shall not receive any compensation from the association for acting as such.

3.11 Fidelity Bonds. The board shall require that the managing agent and all directors, officers, trustees, employees, and volunteers responsible for handling funds belonging to or administered by the association furnish adequate fidelity bonds naming the association as the insured and providing coverage in such amounts as the board deems adequate, but in no event in any amount less than any minimum amount required under the Act. The premiums on such bonds, if paid by the association, shall constitute a common expense. Every such bond shall:

(a) Provide that the bond(s) may not be canceled or substantially modified (including cancellation for nonpayment of premiums) without at least sixty (60) days' prior written notice to the board, the first mortgagees of record with respect to any unit or any interest therein and every other person in interest who shall have requested such notice; and

(b) Contain a waiver of any defense based upon the exclusion of persons who serve without compensation from any definition of the term "employee" or similar term, and, by appropriate endorsement, provide coverage for any such persons not otherwise covered.

3.12 Expenses . The Association's funds will not be used for directors' travel, directors' fees or per diem, under any circumstances.

### ARTICLE 3A DEADLOCK ON BOARD OF DIRECTORS OR ASSOCIATION OWNERSHIP

In the event of a proposed action or decision of the association board of directors or the association membership shall become deadlocked, (i.e., the proposed action or decision receives an equal number of votes "for" and "against" the proposed action or decision) then the deadlock may be broken through a director or unit owner submitting the proposed action or decision to arbitration under the Act (Hawaii Revised Statutes, Section 514B-162 et seq.) or if arbitration proceedings are not then available under the Act, to the Honolulu office of the American Arbitration Association to be conducted in accordance with Chapter 658 of the Hawaii Revised Statutes.

### ARTICLE 4. OFFICERS

4.1 Designation . The principal officers of the association shall be the president and secretary/treasurer, all of whom shall be elected by the board. The board may appoint such other officers as in its judgment may be necessary. The president shall be, but no other officer needs be, a member of the board. One individual may hold no more than two offices.

4.2 Election of Officers . The officers of the association shall be elected annually by the board and shall hold office at the pleasure of the board.

4.3 Removal . Any officer may be removed with or without cause by the affirmative vote of a majority of the board. Vacancies may be filled by the board at any regular meeting or at a special meeting of the board called for such purpose.

4.4 President . The president shall be the chief executive officer of the association and shall preside at all meetings of the association and of the board. Subject to the control of the board, he shall have all the general powers and duties which are incident to the office of president of a corporation organized under the laws of the State of Hawaii, including, but not limited to the power to appoint committees from among owners as he may in his discretion decide to be appropriate to assist in the conduct of the affairs of the association. He shall also have such other powers and duties as may be provided by these bylaws or assigned to him from time to time by the board.

4.5 Secretary/Treasurer . The secretary/treasurer shall keep the minutes of all meetings of the owners and the board of directors; he shall have charge of such books and papers as the board of directors may direct; and he shall in general, perform all the duties incident to the office of secretary of a corporation organized under the laws of the State of Hawaii. Also, the secretary/treasurer shall be responsible for the keeping of full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects of the association in such depositories as may be designated by the board of directors; and he shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of the State of Hawaii.

4.6 Compensation . No person shall receive any compensation from the association for acting as an officer but may be reimbursed for actual expenses incurred in the course of performing his duties.

4.7 Auditor . The association shall appoint annually a certified public accountant or accounting firm as auditor, who shall not be an officer of the association nor own any interest in any unit, to audit the books and financial records of the association as required by law or directed additionally by the board.

#### ARTICLE 5. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

5.1 General Powers and Duties . The board of directors shall have the powers and duties necessary for the operation of the property and administration of the affairs of the association and may do all acts and things except those which may not be delegated by the association to the board of directors by the Act, the declaration or these bylaws. Each director has a fiduciary duty to the association in the performance of his or her responsibilities. The board's powers and duties shall include, without limitation, the following, as may be required by law:

(a) To operate the condominium, pay the common expenses and determine and collect the common charges;

(b) To contract and incur liabilities in connection with the exercise of any of the powers and duties of the board;

(c) To have custody and control over all funds of the association, open bank accounts on behalf of the association and designate the signatories of those accounts;

(d) To keep books of accounts and records with respect to the property as provided by the Act and these bylaws;

(e) To purchase, maintain and replace any equipment or utility services serving all of the units in common, such as the common water meter, any water main and sewer facilities providing service to all (or more than one) units; and to provide water and sewer services to the units as a common expense (except to the extent that any such services shall be separately metered or billed by the provider directly to a single unit, in which case the cost of said service will not be a common expense).

(f) To pay all common expenses which the association is required to pay pursuant to these bylaws or by law or which in the board's opinion shall be necessary or proper for the operation and maintenance of the property or for the enforcement of these bylaws, provided that if any such payment is required because of the particular actions or negligence by any owner, the cost thereof shall be specially assessed to that owner;

(g) To pay and discharge any lien, encumbrance, tax or assessment levied against all or any portion of the property which may in the opinion of the board constitute a lien against the property or against the common elements or limited common elements rather than merely against the interest of particular owners. If one or more owners are responsible for the existence of any such lien, they shall be jointly and severally liable for the cost of discharging such lien and for the costs incurred by the board by reason of such lien;

(h) To enforce the provisions of the project documents and establish, assess and collect such penalties and fines and any interest as the board deems appropriate with respect to such enforcement, including penalties, fines and interest for failure or refusal to pay on demand all costs and expenses required to be paid hereunder; provided that such penalties, fines and interest are not inconsistent with the law or the provisions of these bylaws or the declaration. The unpaid amount of such penalties and fines against any unit owner shall constitute a lien against his interest in his unit which may be foreclosed by the board or the managing agent in the same manner as provided in the Act for the foreclosure of a lien for common expenses;

(i) To approve or disapprove of any owner's request to relocate, expand or otherwise alter the owner's unit; provided that approval will be given in every case where such relocation, expansion or alteration shall be in conformance with Section H.1. or Section K.2. of the declaration.

Nothing herein contained shall be construed to give the board authority to conduct an active business for profit on behalf of the owners, or any of them, or the association. Notwithstanding anything to the contrary contained herein, the board shall have no power to impair the use and enjoyment of a unit or the limited common elements appurtenant thereto in a manner inconsistent with the declaration or these bylaws.

5.2 Employment of a Managing Agent . Although the appointment of a managing agent is not anticipated as being necessary in light of the small size of the condominium, the board may annually appoint a managing agent, if and to the extent such appointment is required by law, or if otherwise the Board deems it appropriate. The managing agent shall be a responsible person duly registered with the Real Estate Commission and licensed to do business in the State of Hawaii and shall be subject at all times to direction by the board and subject also to the primary rights and responsibility of the association, with such administrative functions as shall be delegated by the board of directors. The compensation of the managing agent shall be determined by the board of directors.

The managing agent shall have such powers and duties as may be necessary or proper in connection with (a) supervision of the immediate management and operation of the property, (b) maintenance, repair, replacement and restoration and any additions or alteration of the common elements (and limited common elements, in accordance with the Declaration), (c) the purchase, maintenance and replacement of any equipment, (d) provision for utilities services to the buildings and the various units, (e) employment, supervision and dismissal of such personnel as it deems necessary for the maintenance and operation of the property, (f) execution of contracts with others for the furnishing of such services as it deems proper for the project, (g) preparation of a proposed budget and schedule of assessments, (h) collection of all assessments and payment of all bills, (i) purchase of such insurance as is contemplated by these bylaws, (j) custody and control of all funds, (k) maintenance of books and records on a cash basis and (l) preparation of financial reports.

The developer or such managing agent as it may designate may, in the discretion of the developer, act as the initial managing agent for the project. If the initial management contract is for a term of more than one (1) year, it shall provide that it may be terminated by either party at the end of the first year or at any time thereafter upon not less than ninety days written notice; however, if the developer or a division, subsidiary or affiliate of the developer acts as the first managing agent, such management contract shall be subject to termination by either party thereto on not more than sixty days written notice. The termination of any initial management contract shall be without payment of any termination fee to the managing agent. In no event shall the management contract be for a term exceeding three years and any such management contract shall be subject to termination, without penalty, by either party thereto on not more than ninety days written notice. No decision by the board of directors to terminate professional management of the project may be made without the prior written consent of at least seventy-five percent of the institutional holders of first mortgages on units (based upon one vote for each such first mortgage).

No owner shall act as both an officer of the association and as employee of the managing agent.

The board of directors may in its discretion limit any of the powers granted to the managing agent in these bylaws or grant additional powers to the managing agent.

5.3 Execution of Instruments . Unless otherwise provided by a resolution of the board of directors, all checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the association by any two (2) of the president, vice president, secretary or

treasurer, or by any other such person or persons as may be designated by the board of directors as shall be provided by general or special resolution of the board of directors or, in the absence of any such resolution applicable to such instrument, by the president or vice president and the treasurer or secretary.

5.4 Deposits of Association Funds . The funds of the association shall be deposited in financial institutions in the State of Hawaii in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by an agency of the United States of America. The funds in the general operating account of the association shall not be commingled with funds of other activities such as lease rent collections and rental operations, nor shall the managing agent commingle any association funds with its own funds. For purposes of this section, lease rent collections and rental operations shall not include the rental or leasing of common elements conducted on behalf of the board of directors. Association funds shall not be transferred by telephone between accounts.

5.5 Books and Records of Account .

(a) Financial Records. The board of directors will maintain or cause to be maintained accurate and complete books of account and other financial records on a cash basis in accordance with recognized accounting practices. Said records will be kept at the address of the condominium or elsewhere within the state as determined by the board of directors. The records shall include, without limiting the generality of the foregoing, detailed and accurate records in chronological order of all receipts and expenditures of the association, specifying and itemizing the all expenses paid or incurred in connection with the maintenance, repair, restoration and replacement of the common elements and any other expenses incurred, all vouchers authorizing payment of such expenses and monthly statements showing the total current delinquent amount of unpaid assessments for common expenses.

(b) Annual Statements. Within ninety days after the end of each fiscal year of the association, the board will render or cause to be rendered to each owner a balance sheet and a statement of all receipts and disbursements, including assessments received and receivable, during the preceding year.

(c) Audit. The association shall require an annual audit of the association's financial accounts and no less than one yearly unannounced verification of the association's cash balance by an independent public accountant, provided that said yearly audit and said unannounced cash balance verification may be waived by a majority vote of all owners taken at an association meeting. The board shall make available a copy of each annual audit to each owner at least 30 days before the annual meeting of the association. The board shall provide upon all official proxy forms a box wherein an owner may indicate that the owner wishes to obtain either a summary of the annual audit report or an unabridged copy of the annual audit report. The annual audit will be completed at least 30 days before each annual meeting.

5.6 Record of Ownership . The board of directors or the managing agent under the direction and supervision of the board will keep an accurate and current record of the names and addresses of members of the association, their tenants, mortgagees, and vendees under agreements of sale, and each owner's common interest. Every owner and purchaser under an agreement of sale shall promptly cause to be duly recorded with the Bureau of Conveyances of the State of Hawaii and filed with the association the instrument conveying his interest in a unit to him or other evidence of his title or interest in a unit. The secretary shall maintain all such information in the record of ownership of the association. Each owner shall pay the association or the managing agent on demand a service charge in an amount fixed from time to time by the board (but not more than \$125.00) for the registration on the records of the association of a change in the ownership of a unit.

5.7 Minutes of Meetings . The association shall maintain minutes of all meetings of the board of directors, the association and their committees.

5.8 Location and Inspection of Books and Records .

(a) Location. All of the association's books and records shall be kept at the project or at such other convenient place within the State of Hawaii as the board shall designate. The board of directors shall establish reasonable rules with respect to notice to be given to the custodian of the records by an owner desiring to make inspection, the hours and days of the week when such inspection may be made and the payment of the cost of reproducing copies of documents so requested.

(b) Inspection of Financial Records and Minutes. The financial records of the association, including the vouchers and monthly statements of unpaid assessments, the association's most current financial statement, and the minutes of meetings of the board of directors and the association shall be available for examination and copying by owners, mortgagees or their duly authorized representatives, at cost, at reasonable and convenient hours on business days as set by the board of directors. A copy of the financial records and the minutes will be mailed to any owner upon his written request. The association shall mail to any holder of a mortgage on any interest in a unit a copy of the annual audited financial statement of the association within ninety days following the end of a fiscal year of the association, upon written request and payment of a fee equal to the cost of reproduction and postage. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the association and the physical properties owned or controlled by the association. The right of inspection by a director includes the right to make extracts or copies of the documents at his own expense.

Financial statements, general ledgers, the accounts receivable ledger, accounts payable ledgers, check ledgers, insurance policies, contracts, and invoices of the association of unit owners for the current and prior year and delinquencies of ninety days or more shall be available for examination by unit owners at convenient hours at a place designated by the board; provided:

- (1) That the board may require owners to furnish to the association a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interests of the association or its members or both; and
- (2) That owners pay for administrative costs in excess of eight hours per year. Copies of these items shall be provided to any owner upon the owner's request, provided that the owner pay a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.

Owners shall also be permitted to view proxies, tally sheets, ballots, owners check-in lists, and the certificate of election for a period of thirty days following any association meeting; provided:

- (1) That the board may require owners to furnish to the association a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interest of the association or its members or both; and
- (2) That the owners pay for administrative costs in excess of eight hours per year. Proxies and ballots may be destroyed following the thirty-day period. Copies of tally sheets, owners check-in lists, and the certificates of election from the most recent association meeting shall be provided to any owner upon the owner's request, provided that the owner pay a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.

(c) Members List. Each owner shall promptly file with the board of directors a true and complete copy, as recorded in the Bureau of Conveyances, of each unit deed, lease, mortgage, agreement of sale, assignment or other instrument whereby such owner acquires, encumbers or disposes of an interest in his unit. The board or managing agent, under direction of the board, shall keep an accurate and current list of members of the association and their current addresses and the names and addresses of the vendees under agreements of sale, if any. The list shall be maintained at a place designated by the board and a copy shall be available at cost to any member of the association as provided in the project rules or, in any event, to any member who furnishes to the managing agent or the board of directors an affidavit stating that the list will be used by the owner personally and only for the purpose of soliciting votes or proxies or providing information to other owners with respect to association matters and that the list will not be used or furnished to any other person for any other purpose.

5.9 Representation . The board may represent the association or any two or more owners in any action, suit, hearing or other proceeding affecting the association, the common elements or more than one unit, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits, and proceedings, without prejudice to the rights of any owners individually to appear, to sue or be sued.

5.10 Liability and Indemnity of the Board of Directors and Officers . The directors and officers of the association shall not be liable to the owners for any mistake of judgment or otherwise except for their own gross negligence or willful misconduct. The association shall indemnify each director and officer of the association against all costs, expenses and liabilities which may be incurred by or imposed on him in connection with any claim, action, proceeding, investigation or inquiry made, instituted or threatened in which he may be involved as a party or otherwise by reason of his being or having been a director or officer of the association, or by reason of any past or future action taken, authorized or approved by him or any omission to act as a director or officer, whether or not he continues to be such director or officer at the time of the incurring or imposition of such costs, expenses or liabilities. Such costs, expenses or liabilities shall include judgments, amounts paid in compromise settlements and amounts paid for services of counsel and other related expenses except those costs, expenses and liabilities as shall relate to matters as to which he shall be finally adjudged to be, or shall be, liable by reason of his gross negligence or willful misconduct toward the association in the performance of his duties as a director or officer. In the absence of a final adjudication of the existence or nonexistence of a director's or officer's liability to the association, the determination of whether a director or officer has acted with gross negligence or willful misconduct may be made (1) by the board of directors by a majority vote or a quorum consisting of disinterested directors, or (2) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel selected by the board of directors, or (3) if a quorum of disinterested directors so directs, by a majority vote of the owners. The foregoing right of indemnification shall not be exclusive of other rights which any director or officer may have and shall inure to the benefit of the heirs and personal representatives of each director or officer.

## ARTICLE 6.COMMON EXPENSES, UNIT EXPENSES AND TAXES

### 6.1 Items Constituting Common Expenses .

(a) Definition. Except as otherwise provided in the declaration or in these bylaws, all expenses incurred by the association in connection with the operation of the property shall constitute common expenses. Common expenses shall include, without limitation, all charges for taxes which are not assessed separately on each unit, governmental assessments, insurance premiums, costs of repair, rebuilding and restoration of the property, costs of yard, janitorial and other similar services, wages, accounting, legal and management fees, start-up fees and other necessary expenses of upkeep, maintenance, management and operation actually incurred on or for the common elements, the cost of all utility services (including water, electricity, gas, refuse disposal, sewer and any similar services), unless separately metered or allocated. The common expenses shall also include such amounts as the board of directors may deem proper for the payment of any deficit in the common expense assessments for any prior year, for a reserve fund for the operation and maintenance of the property and a reserve fund for working capital and replacements, repairs and contingencies. Notwithstanding anything to the contrary contained herein, taxes, governmental assessments and other charges or expenses which are or may hereafter be assessed or charged separately on each unit or personal property or other interest of the unit owner, including real property taxes and charges for utilities or other services which are separately metered or separately chargeable or attributable to an individual unit, shall not be common expenses but shall be the liability of the owner of each unit. Expenses relating to limited common elements, including maintenance, repair, additions and alterations, shall be charged to the owner of the unit to which such limited common elements are appurtenant.

(b) Disposition of Excess Funds. Any excess funds on hand at the end of the association's fiscal year shall be used to pay common expenses in the following year, unless a majority of owners vote to refund the unexpended sum to the owners.

(c) Reserves. Since there will be no structures which are common elements, reserves are not required. However, if a reserve is established, it shall be administered in accordance with the Act.

### 6.2 Owner's Payments for Common Expenses .

(a) Each owner shall be liable for and pay a share of the common expenses in proportion to the common interest appurtenant to his unit as set forth in the declaration, subject to allocation as provided in section 6.1 above. Each assessment duly made by the board shall be the separate, distinct and personal obligation of each owner assessed as of the date of assessment and shall constitute a lien on each owner's unit having the priority set forth in the Act. When a unit is owned by more than one person, the obligation shall be joint and several among the co-owners. Each owner shall pay the assessments against his unit for common expenses at such times and in such amounts as established by the board, provided, however, that owners who are required by the terms of a first mortgage to make payments to the mortgagee for transmittal to the board shall be permitted to do so.

6.3 Payment as Agent . Each owner, as principal, shall be liable for his proportionate share of the common expenses. The board, on behalf of the owners, will pay or cause to be paid all common expenses and shall be responsible, as agent for each owner, only to collect the funds for the payment of the common expenses and transmit the payments to third persons to whom such payments must be made.

6.4 Default in Payment of Assessments . An assessment not paid within five days after its due date shall be delinquent. Interest shall accrue on delinquent assessments at the rate of one percent (1%) per month from the assessment due date until paid, together with such other late charge as

may be determined by the board of directors. In the event of a default in the payment of any assessment and in addition to any other remedies the board of directors may have under the project documents or by law, the board may take one or more of the following actions:

(a) Initiate a legal action to enforce each such assessment obligation. Each action must be authorized by the board and may be initiated by any one director or by the managing agent if authorized in writing. Each action shall be brought in the name of the board, and the board shall be deemed to be acting on behalf of all the owners. Any judgment rendered in any such action shall include, when permissible by law, a sum for attorneys' fees in such amount as the court may award. Upon full satisfaction of any judgment, the board shall authorize one director to execute and deliver a satisfaction to the judgment debtor.

(b) At any time within sixty (60) days after the default, give notice to the defaulting owner stating the date and the amount of the delinquency and demanding payment. If such delinquency is not paid within ten (10) days of the notice, the board may record a claim of lien against such owner's unit. The claim of lien shall state (1) the name of the delinquent owner or reputed owner, (2) a designation of the unit against which claim of lien is made, (3) the amount claimed to be due and owing (with any proper offset allowed), (4) that the claim of lien is made by the board pursuant to the terms of these bylaws and of the Act and against the unit in an amount equal to the net amount of the stated delinquency, plus interest and costs of enforcement, including attorney's fees. Upon recording the claim of lien in the Bureau of Conveyances, the board shall have and may exercise all available remedies, including claims for reasonable rental during foreclosure. Each default shall constitute a separate basis for a lien or claim of lien.

(c) At anytime after the default, give the delinquent owner sixty days prior written notice of intent to sever utilities for delinquent assessments. Should the owner fail to cure the delinquency or make arrangements satisfactory to the board prior to the expiration of the sixty-day period, the utilities to the unit on which the assessment remains delinquent may be severed and disconnected in whole or in part until the assessments are paid or otherwise provided for to the satisfaction of the board.

(d) The board may assess penalties and fines which shall be collectible in the same manner and with the same lien rights as provided above for the assessment itself.

(e) The board may pursue any other available legal or equitable remedy.

6.5 Certificate of Unpaid Assessments . Any owner shall be entitled to a certificate from the board of directors or the managing agent setting forth the amount of any due and unpaid assessments with respect to his unit or setting forth that all assessments due are paid, if such is the case, within fifteen days after written request and upon payment of a reasonable fee. If the board shall receive payment in full of the amount claimed to be due and owing, including accrued interest and costs of enforcement, of recorded claims of lien, then upon demand of the owner or his successor, the board shall execute, acknowledge and deliver a release of lien in recordable form.

6.6 Collection from Tenants and Agents . If an owner shall default in the payment of any assessment, the board may, at its option, so long as such default shall continue, demand and receive from any tenant of the owner occupying that owner's unit, the rent as it becomes due or the net amounts due to the owner under any contract between the owners and a rental agent up to an amount sufficient to pay all sums due from the owner, including interest and costs of enforcement, if any. Any such payment to the board by a tenant or rental agent shall be a full and sufficient discharge of the tenant or agent as between the tenant or agent and the owner to the extent of the amount so paid. No such demand or acceptance of rent from any tenant or agent shall deemed to be an approval of any lease by the owner or a release or discharge of any of the obligations of the owner remaining unpaid or unperformed or an acknowledgment of surrender of any rights or duties hereunder. Neither the tenant nor the rental agent

shall have the right to question the right of the board to make such demand, but shall be obligated to make such payments to the board as demanded. The board may not exercise this right if a receiver has been appointed to take charge of a unit or if a mortgagee is in possession pending a mortgage foreclosure.

6.7 Taxes and Assessments . Each owner shall be obligated to have the real property taxes for his unit and appurtenant common interest separately assessed by the proper governmental authority and any other taxes which now are or may hereafter be assessed by law on each unit and its limited common interest or the personal property or other interest of the owner. Each owner shall be obligated to pay the amount of the taxes so determined. Each owner shall execute such documents and take such actions as may be reasonably specified by the board to facilitate compliance with the proper governmental authority regarding such taxes and assessments.

6.8 Waiver . The failure of the board to insist in any one or more instances upon a strict performance of or compliance with any of the covenants of the owner hereunder, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or summary proceeding, shall not be construed as a waiver or a relinquishment for the future of such covenant or option or right, but such covenant or option or right shall continue and remain in full force and effect. The receipt by the board of any sum paid by an owner with or without knowledge by the board of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver of any provisions of these bylaws shall be deemed to have been made unless expressed in writing by the board.

6.9 Funds . The association's general operation funds shall not be commingled funds from any other activities. Funds shall be deposited in a financial institution located in the State of Hawaii whose deposits are insured by FDIC or FSLIC. HRS Sections 514B-149(c), (d) and (e), as amended, of the Act are incorporated herein by reference.

#### ARTICLE 7.INSURANCE

7.1 Liability Insurance . The owner(s) of each unit shall at all times effect and maintain a policy or policies of comprehensive general liability insurance covering said unit and its appurtenant limited common elements. The board shall at all times effect and maintain a policy or policies of comprehensive general liability insurance covering all common elements. Each such policy shall insure the Developer, the association, the board of directors, the officers and all owners against claims for injury or death to persons and damage to property arising out of the condition of or activities on the insured areas. Each policy shall have a single combined minimum liability limit of not less than \$300,000, or such higher limits as may be required by law or as the board of directors may establish with due regard to the prevailing business practices in the State of Hawaii. Each policy shall contain a "severability of interest" endorsement precluding the insurer from denying the claim of an owner because of negligent act of the association, board of directors or other owners.

7.2 Property Insurance . The owner(s) of each unit shall insure at all times and keep insured all buildings, fixtures, building service equipment comprising said unit and its common elements and limited common elements, and, all exterior and interior walls, windows, doors, roofs and appurtenances against loss or damage by fire with endorsements for extended coverage, vandalism and malicious mischief or such broader forms of protection as the board of directors may determine, in an amount as near as practicable to the full replacement cost, without deduction for depreciation and with Inflation Guard Endorsement. Flood insurance shall also be provided by said owner(s) under the provisions of the federal Flood Disaster Protection Act if the unit is located in an identified flood hazard area as designated by the Department of Housing and Urban Development.

#### ARTICLE 8.MAINTENANCE, REPAIR, ALTERATIONS AND ADDITIONS

8.1 Maintenance of Units and Limited Common Elements . Each owner at his own expense shall at all times keep his unit and his limited common elements in good order, repair and condition at no cost to the owners of the other unit(s).

8.2 Alteration and Additions . Any owner may alter his unit and limited common elements without the consent of the Board or any of the unit owners.

#### ARTICLE 9.RESTORATION

9.1 Determination to Reconstruct or Repair . Reference is made to Section I of the declaration. If a unit is damaged by fire or other casualty, the restoration and repair of said building shall be made by the owner thereof at no cost to the owner(s) of any other unit, and the proceeds of all insurance shall be paid to the owner of the damaged building (or his mortgagee if required by his mortgage), for such use in the discretion of said owner(s) (or said mortgagee).

#### ARTICLE 10.CONDEMNATION

##### 10.1 Condemnation Awards .

(a) If part or all of a unit is taken by any authority exercising the power of eminent domain, the taking shall be a casualty and all compensation and damages payable by reason of the taking for or on account of any units and improvements shall be treated the same as proceeds from insurance on account of a casualty and shall be payable to the owner(s) entitled thereto.

#### ARTICLE 11.MORTGAGES

11.1 Notice to Board of Directors . An owner who mortgages his interest shall notify the board of the name and address of his mortgagee and file a conformed copy of the mortgage with the association within ten days after execution of the mortgage. The board of directors shall maintain such information in a book entitled "Mortgagees of Units".

11.2 Notice of Unpaid Common Expenses . The board of directors, when requested in writing by a purchaser or a mortgagee of an owner, shall promptly report any then unpaid assessments for common expenses due from such owner of the unit involved.

11.3 Notice of Default . When giving notice to an owner of a default in paying common expenses or other default, the board of directors shall send a copy of such notice to each holder of a mortgage on the owner's unit or interest therein whose name and address has been furnished to the board of directors.

11.4 Other Notices . Upon written request for notice delivered to the board, the holder of any duly recorded mortgage against any unit shall promptly be furnished a copy of any and all notices permitted or required to be made to the owner or owners whose unit is subject to such mortgage. The request for notice need not be renewed and shall entitle the holder of such mortgage requesting such notice to receive all notices sent to the owner or owners whose unit is subject to the mortgage from and after the date of the request until the request is withdrawn or the mortgage is discharged of record.

11.5 Mortgagee Protection . Notwithstanding any provision to the contrary in these bylaws:

(a) The liens created by these bylaws on a unit shall be subject and subordinate to, and shall not affect the rights of the holder of any indebtedness secured by any recorded mortgage of such interests made for value, provided that after the foreclosure of any such mortgage there shall be a lien upon the interests of the purchaser at such foreclosure sale to secure the assessments, whether regular or special, assessed to such unit if falling due after the date of the foreclosure sale. The lien shall have the same effect and be enforced in the same manner as provided in section 6.2.

(b) An amendment to this section shall not affect the rights of the holder of any mortgage duly recorded in the Bureau of Conveyances who does not join in the amendment.

11.6 Additional Notices to Mortgagees. A holder or insurer of a first mortgage, upon written request to the association, (such request to state the name and address of such holder or insurer and the unit number), will be entitled to:

(a) Timely written notice of any proposed amendment to the declaration or the bylaws changing (i) the boundaries of a unit, (ii) the common interest appertaining to any unit, or (iii) the purposes to which the unit, the limited common elements appurtenant thereto or the common elements are restricted;

(b) Prior written notice of any proposed termination of the Condominium Property Regime;

(c) Prior written notice of any actual or threatened condemnation or eminent domain proceedings affecting any portion of the Condominium Property Regime;

(d) A copy of any bond required to be posted before commencing or permitting construction of any improvements on the property;

(e) Prior written notice of any proposal to subdivide, encumber, sell or transfer all or any part of the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements shall not be deemed a transfer within the meaning of this clause); and

(f) Timely written notice of all meetings of the association; and the holder or insurer of a first mortgage shall be permitted to designate a representative to attend all such meetings.

11.7 Mortgagee Approval. Except as may otherwise be provided in the declaration, bylaws, or other project documents, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage held) and owners (other than the Developer) of the individual units have given their prior written approval, the association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the project;

(b) change the common interest appurtenant to any individual unit;

(c) partition or subdivide any unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements (for public utilities or for other public purposes consistent with the intended use of the common elements shall not be deemed a transfer within the meaning of this clause); or

(e) use hazard insurance proceeds for losses to the property (whether to units or to common elements) for other than the repair, replacement or reconstruction of same, except as otherwise provided by the declaration, the bylaws or the Act.

## ARTICLE 12. GENERAL PROVISIONS

### 12.1 Amendment of Bylaws .

(a) Vote or Consent Requirement. These bylaws may be amended in any respect not inconsistent with law or the declaration by the affirmative vote or written consent of not less than 67% percent of the owners, provided that each of the particulars set forth in Section 514B-108 of the Act as amended shall always be embodied in the bylaws.

(b) Proposed Amendments. Proposed bylaws with the rationale for the proposal may be submitted to the owners either by the board of directors or by a volunteer owners' committee. If a volunteer owners' committee desires to submit a proposal to the owners, it shall first submit the proposal to the board of directors with the rationale for the proposal and a petition supporting the proposed bylaws signed by not less than twenty-five percent of the owners. Within fourteen days from the receipt of the proposal, the rationale, and the petition by the board, the board shall mail to the owners for approval without change the proposed bylaws, the rationale for the proposal, ballots for voting, and the board's comments, if any, concerning the proposal.

(c) Adoption Of Committee's Proposal. If the board fails to mail the proposed bylaws, rationale, and ballots for voting to the owners within fourteen days of the receipt of the petition by the board, then the committee may mail such items to the owners, and the vote thus taken will be valid, provided the committee has complied with all other applicable rules on voting for bylaw amendments. The results of such vote shall be presented to the officers of the association who shall promptly execute such documents as shall be necessary to permit the amendments to be recorded in the Bureau of Conveyances.

(d) When Amendments Are Effective. An amendment to the bylaws shall be effective only upon the recording of such amendment in the Bureau of Conveyances.

### 12.2 Amendment of Declaration.

Except as otherwise expressly provided in Section K.2. of the Declaration, or in the project documents or in the Act, the Declaration may be amended by the affirmative vote of owners of Units holding not less than 67% of the total common interests, at a meeting of the Association called for the purpose, or by written consent without a meeting, except that no vote which shall change a unit's common interest, the boundaries or use of its limited common elements, or its rights under Section K.2. of the Declaration shall be valid without the express vote or written consent of the Owner(s) of said unit. An amendment will be effective when a written instrument, duly executed by the owners of the units holding not less than 67% of the total common interests is recorded at the recording office. An amendment to the Declaration may be prepared by any officer, but may not be executed, certified or recorded by any officer.

12.3 Manner of Giving Notices . All notices permitted or required to be given under these bylaws, the declaration or the Act must be in writing and may be delivered either personally or by mail. All notices mailed to owners shall be sent by registered or certified mail to the owner or owners at the address furnished in writing from time to time to the association, or if no address has been furnished, to the unit. All notices to the board may be personally delivered to a director or may be sent by registered or certified mail or telegraph to the office of the managing agent or to such other address as the board may hereafter designate from time to time by notice in writing to all owners and mortgagees of

units. All notices to mortgagees of units shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the board. All notices given by mail shall be deemed to have been given twenty-four hours after being deposited in the United States mail, postage prepaid, except notices of changes of address which shall be deemed to have been given when received.

12.4 Captions . The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these bylaws, or the intent of any provisions hereof.

12.5 Gender . The use of a pronoun of any gender in these bylaws shall be deemed to include the other gender and the use of the singular shall be deemed to include the plural whenever the context requires.

12.6 Waiver . No restriction, condition, obligation or provision contained in these bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

12.7 Interpretation . The provisions of these bylaws shall be liberally construed to effectuate the purpose of creating a uniform condominium complex whereby the owners shall carry out and pay for the operation and maintenance of the property as a mutually beneficial and efficient establishment.

12.8 Severability . The provisions of these bylaws shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

12.9 Documents . The Association at its own expense shall provide all members of the board of directors with a current copy of the condominium documents, including the declaration, bylaws, house rules, and annually, a copy of Hawaii Revised Statutes Chapter 514B with amendments. An accurate copy of the declaration of condominium property regime, the bylaws of the association of unit owners, the house rules, if any, the master lease, if any, a sample original conveyance document, all public reports and any amendments thereto, shall be kept at the managing agent's office. The managing agent shall provide copies of those documents to owners, prospective purchasers and their prospective agents during normal business hours, upon payment to the managing agent of a reasonable charge to defray any administrative or duplicating costs. In the event that the project is not managed by a managing agent, the foregoing requirements shall be undertaken by a person or entity, if any, employed by the association of unit owners, to whom this function is delegated.

12.10 Disputes . Reference is made to Sections 514B-146, 157 and 162, as amended, of the Act concerning applicable dispute resolution procedures.

CERTIFICATE OF ADOPTION

The undersigned hereby adopts the foregoing as the Bylaws of the Royal View Condominium Association of Unit Owners this 13<sup>th</sup> day of September, 2006.

This document may be executed in counterparts. Any party may assemble all original signature pages into a single document and said document shall have the same legal effect, including recording in the State of Hawaii Bureau of Conveyances, as if all parties signed simultaneously and on the same signature page.

ROYAL VIEW, CPR, LLC  
By: BROWN REALTY LLC  
Its: Member-Manager



---

By: GREGORY E. BROWN  
Its: Member

FEE OWNER(S)

STATE OF HAWAII

)  
) SS.

COUNTY OF MAUI

)

On this 13th day of September, 2006, before me personally appeared **GREGORY E. BROWN**, to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

Joyce M. Takitani  
Notary Public, State of Hawaii  
Print Name: Joyce M. Takitani  
My Commission Expires: 8/16/07

END OF EXHIBIT "G"

CERTIFICATE OF REGISTERED PROFESSIONAL ARCHITECT

STATE OF HAWAII )  
 ) SS.  
COUNTY OF MAUI )

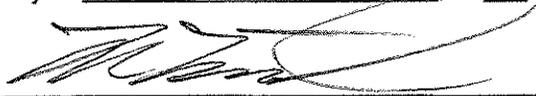
The undersigned, Nicholas T. Wagner, being first duly sworn on oath deposes and says:

1. I am a registered professional architect, No. AR-6539, licensed to practice in the State of Hawaii.
2. I am the architect for the condominium project known as "Royal View Condominium" located in Lahaina, Maui, Hawaii.
3. Attached is the Condominium Property Regime Map for said condominium. I certify that said Condominium Property Regime Map is consistent with the plan of the condominium's building or buildings filed or to be filed with the government official having jurisdiction over the issuance of permits for the construction of buildings in the County of Maui.
4. Condominium Map consists of 4 pages.

AND FURTHER YOUR AFFIANT SAYETH NAUGHT.

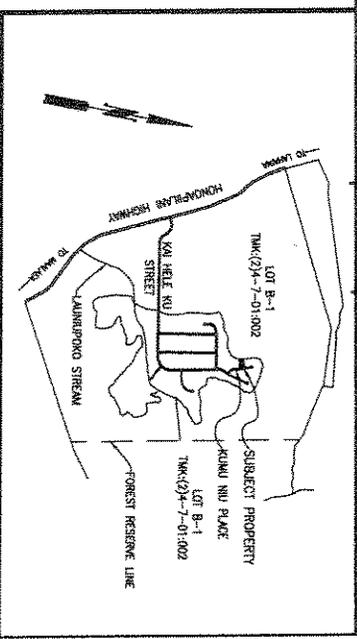
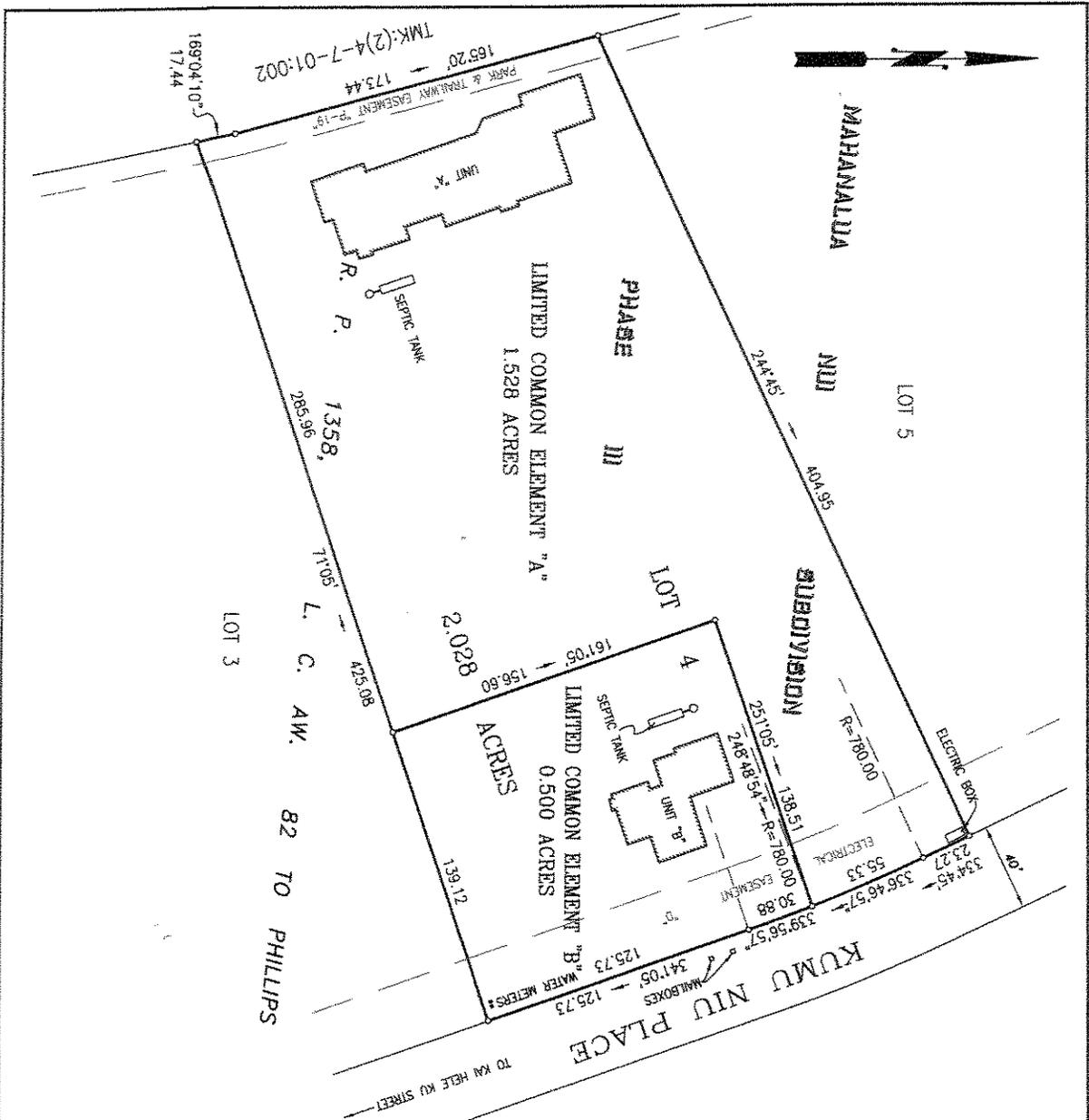
  
\_\_\_\_\_  
NICHOLAS T. WAGNER

Subscribed and sworn to before me this  
22 day of Sept, 2006



Notary Public, State of Hawaii  
Print Name: Mark Martin  
My commission expires: MAY 24, 2008

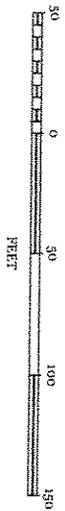
US



Vicinity Map (not to scale)

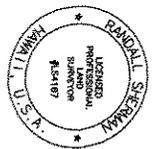
**SITE PLAN**  
**ROYAL VIEW CONDOMINIUM**  
 LOT 4  
 of the  
**MAHANALUA NUI SUBDIVISION**  
 PHASE III

Situated at  
 Launipoko, Lahaina, Maui, Hawaii



**Prepared For:**  
 Greg Brown  
 Brown Development  
 2000 W. HANALEI BLVD #114  
 LAHAINA, MAUI, HAWAII 96760

**This map was prepared by me or under my direct supervision.**



**Prepared For:**  
 Greg Brown  
 Brown Development  
 2000 W. HANALEI BLVD #114  
 LAHAINA, MAUI, HAWAII 96760

**Job No.:** 6157

**Job Name:** BROWN-COMB L&L

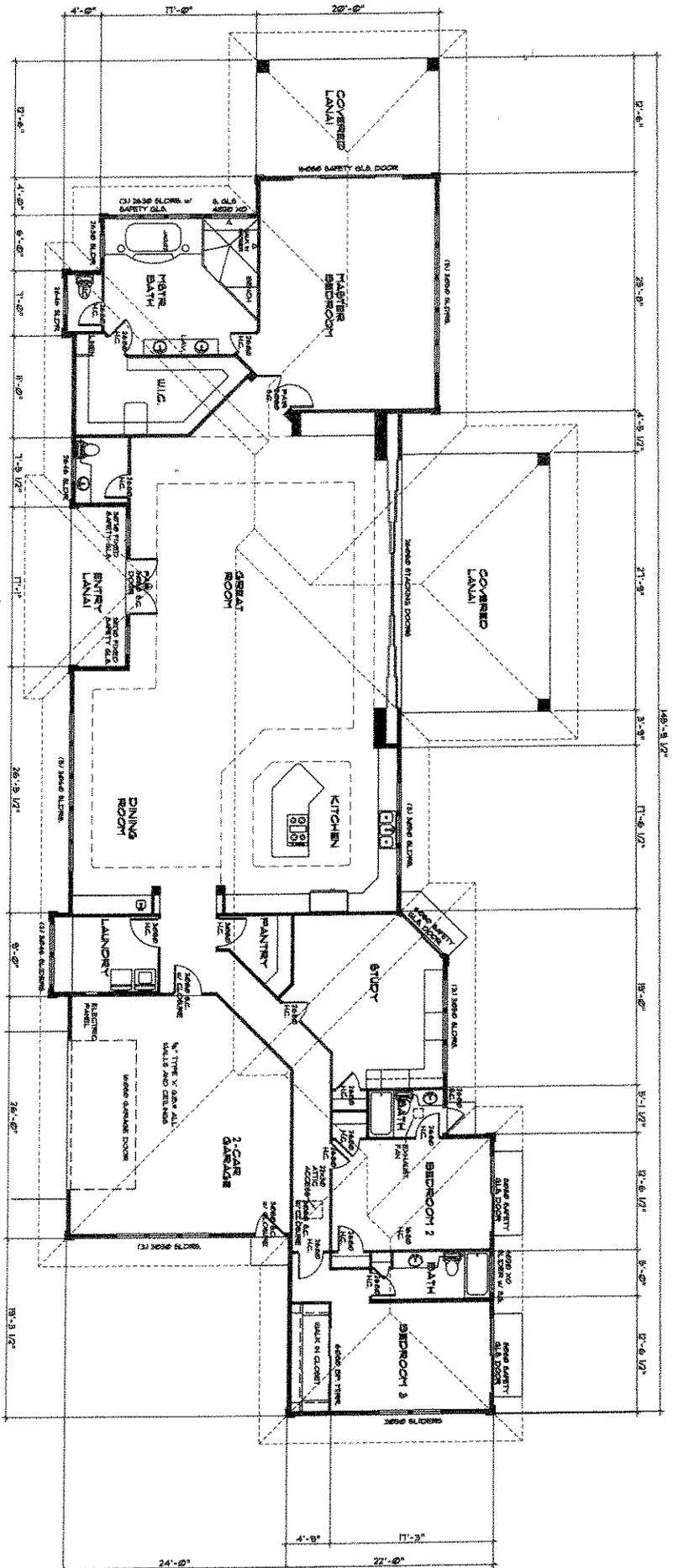
**Date:** 4 MAY 06  
**Revised:** 1 APR 06  
**Revised:** 28 APR 06  
**Revised:** 28 APR 06

**TMK:** (2) 4-7-01-002

**Valley Isle Surveyors, Inc.**  
 P.O. Box 1001  
 Kihali, Maui, HI 96733

**TEL (808) 574-8886**  
**FAX (808) 574-8966**

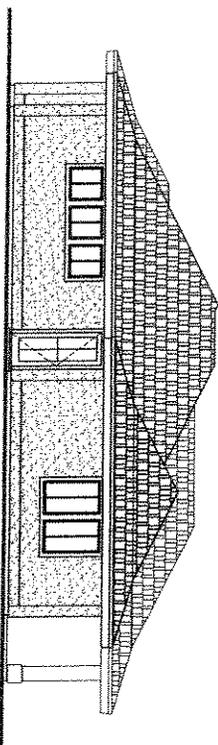
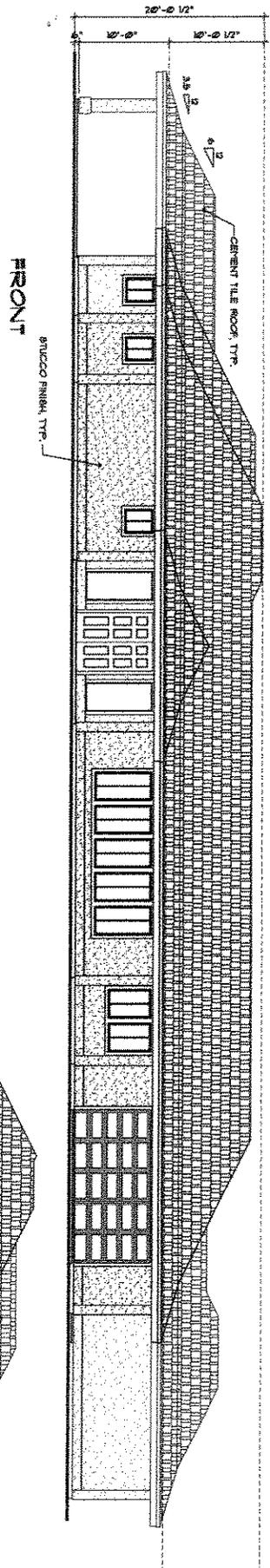
Condominium Property Regime Map  
 SHEET: 1 of 4



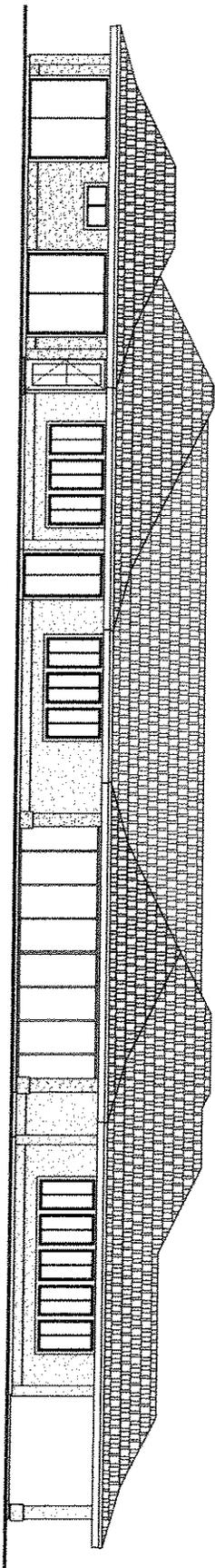
NET LIVING AREA: 3,730  
 GARAGE AREA: 572  
 ENTRY LANAI & COVERED LANAIS: 746  
 TOTAL: 5098

ROYAL VIEW CONDOMINIUM UNIT "A" FLOOR PLAN  
 3/64" Scale

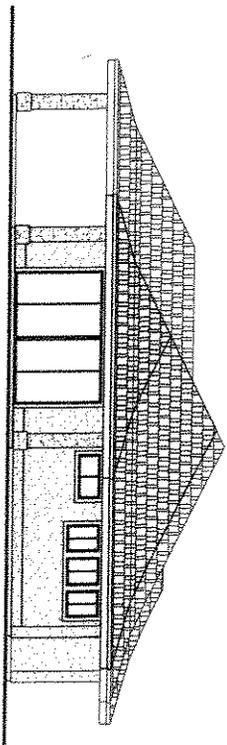
CONDOMINIUM PROPERTY REGIME MAP  
 SHEET 2 OF 4



RIGHT



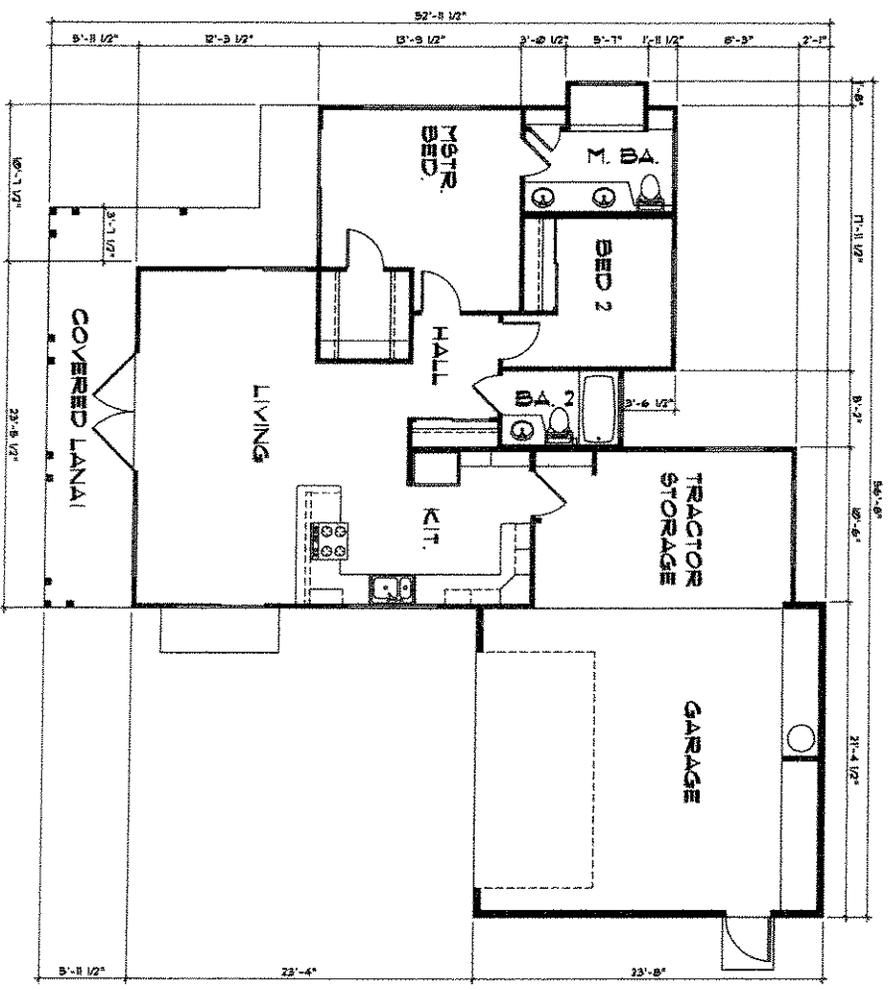
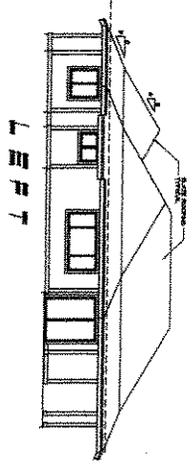
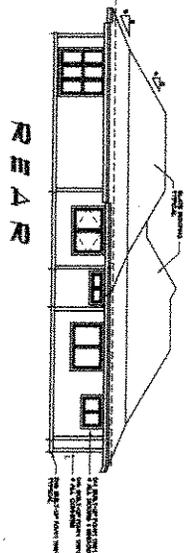
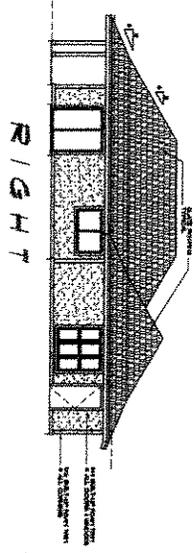
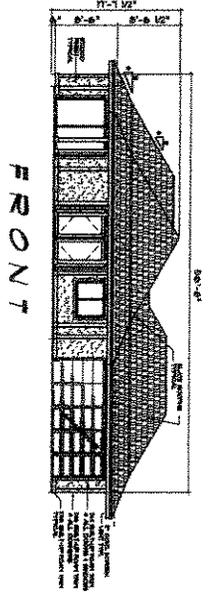
REAR



LEFT

ROYAL VIEW CONDOMINIUM UNIT "A" EXTERIOR ELEVATIONS  
 3/4" Scale

CONDOMINIUM PROPERTY REGIME MAP  
 SHEET 3 OF 4



NET LIVING AREA	536 SF
COVERED LANAIS	231 SF
GARAGE/TRACTOR STORAGE	639 SF
TOTAL	1,406 SF

ROYAL VIEW CONDOMINIUM UNIT "B" FLOOR PLAN AND EXTERIOR ELEVATIONS  
 3/8" Scale

CONDOMINIUM PROPERTY REGIME MAP  
 SHEET 4 OF 4