

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

CONDOMINIUM PROJECT NAME	Montalvo-Reed
Project Address	1324 W. Kuiaha Road Haiku, Maui, Hawaii 96708
Registration Number	6221 (Conversion)
Effective Date of Report	<b>August 1, 2008</b>
Developer(s)	Kelton James Montalvo and Louise Ann Montalvo, George Louis Reed, Jr. and Patricia Margaret Reed, and Robert A. Sears, Jr.

**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; and (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, including any omitted material facts, 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.]

1. •THERE ARE COUNTY RESTRICIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT ON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS 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, UPON THE PROPERTY.
  
2. •CONDOMINIUM UNITS 1 AND 2 CONSIST OF THE DWELLINGS AND VERTICAL BOUNDARIES AS PROVIDED IN AMENDMENT NO. 2 OF THE CONDOMINIUM MAP.
  
3. •THIS PROJECT DOES NOT INVOLVE THE SALE OF INDIVIDUAL SUBDIVIDED LOTS. THE DASHED LINE ON AMENDMENT NO. 2 OF THE CONDOMINIUM MAP MERELY REPRESENTS THE LOCATION OF THE BOUNDARY BETWEEN THE TWO (2) CONDOMINIUM UNITS AND DOES NOT DENOTE A LEGAL SUBDIVISION BOUNDARY LINE.
  
4. •FACILITIES AND IMPROVEMENTS NORMALLY ASSOCIATED WITH COUNTY APPROVED SUBDIVISIONS MAY NOT NECESSARILY BE PROVIDED FOR AND SERVICES SUCH AS COUNTY STREET MAINTENANCE AND TRASH COLLECTION WILL NOT BE AVAILABLE FOR INTERIOR ROADS.
  
5. •THIS PUBLIC REPORT DOES NOT CONSTITUTE AN APPROVAL OF THE PROJECT BY THE REAL ESTATE COMMISSION OR ANY OTHER GOVERNMENTAL AGENCY.
  
6. •THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FOREGOING.

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## **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	SEE PAGE 3a	
Address of Project	1324 W. Kuiaha Road, Haiku, Maui, Hawaii 96708	
Address of Project is expected to change because	N/A	
Tax Map Key (TMK)	(2) 2-7-012:227	
Tax Map Key is expected to change because	CPR number will be added for each unit.	
Land Area	2.034 acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	SEE PAGE 3a	

**1.2 Buildings and Other Improvements**

Number of Buildings	3
Floors Per Building	SEE PAGE 3a
Number of New Building(s)	0
Number of Converted Building(s)	3
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood

**1.3 Unit Types and Sizes of Units**

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
No. 1	1	4/3	2,128 sq. ft.	2,540 sq. ft.	garage; lanai; deck; gym area	4,668 sq. ft.
No. 2	1	3/2	2,173 sq. ft.	1,974 sq. ft.	garage; lanai	4,147 sq. ft.
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.

1.1 Developer is the Fee Owner.

Kelton James Montalvo and Louise Ann Montalvo are the fee owners of an undivided one-half (1/2) interest as tenants in common in the underlying land (approximately 2.034 acres) and any improvements thereon.

George Louis Reed, Jr. and Patricia Margaret Reed are the other fee owners of an undivided one-half (1/2) interest as tenants in common in the underlying land (approximately 2.034 acres) and any improvements thereon.

Robert A. Sears, Jr. has entered into an Agreement of Sale with Kelton James Montalvo and Louise Ann Montalvo to purchase their undivided one-half (1/2) interest in the underlying land (approximately 2.034 acres) and any improvements thereon, dated November 29, 2005 and recorded in the Bureau of Conveyances of the State of Hawaii on December 1, 2005 as Document No. 2005-245157.

1.2 Floors Per Building.

Unit No. 1 includes two buildings: (1) a two-story dwelling with an attached one-story garage and (2) a one-story gym area.

Unit No. 2 includes one building: a one-story dwelling with an attached one-story garage.

**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 (Garage included in unit)
Attach Exhibit _____ 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.	

**1.5 Boundaries of the Units**

Boundaries of the unit: SEE EXHIBIT A
--

**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): Alterations are permitted, subject to restrictions in the Amendment and Restatement of the Bylaws of the Association of Residence Owners of Montalvo-Reed (the "Bylaws"). For example, see Article XIII, Section 6 of the Bylaws.
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**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:
Described in Exhibit _____.
As follows: Unit No. 1 - 50% Unit No. 2 - 50%

**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):

**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 \_\_\_\_\_.

Described as follows:

SEE PAGE 5a-1

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

**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 \_\_\_\_\_.

Described as follows:

SEE PAGE 5a-1

**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 checked="" type="checkbox"/>	Pets: May not be abnormally noisy; may not be pests under Hawaii Rev. Statutes Section 150A-2
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: SEE PAGES 5a-1 and 2
<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: August 9, 2006

Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.9 Common Elements.

The common elements include all elements of the Project not included within any Unit and all elements of the Project providing service to both Units, including but not limited to:

- (a) The common portion of the driveway providing access to each Unit;
- (b) The limited common element appurtenant to each Unit;
- (c) All distribution systems for water, sewer, electrical, telecommunication and other utility services which are not located within any dwelling comprising part of a Unit, servicing both Units, and not owned by the County of Maui or any public utility; and
- (d) Any additional elements of the Project designated by at least 90% of the owners.

1.10 Limited Common Elements.

Unit 1 has exclusive and full use and enjoyment of a limited common element consisting of 0.997 acres of land under and surrounding Unit 1, as shown on Amendment No. 2 of the Condominium Map.

Unit 2 has exclusive and full use and enjoyment of a limited common element consisting of 0.997 acres of land under and surrounding Unit 2, as shown on Amendment No. 2 of the Condominium Map

1.11 Special Use Restrictions – Other.

Other special restrictions include but are not limited to:

- (a) No postings of any advertisement, bill, poster or other sign on or about the project without prior written approval of the board of directors of the condominium association;
- (b) Exercise of extreme care about causing or permitting noises that disturb other occupants;
- (c) No garbage, refuse or trash on any common element and no obstruction of transit through any common element;
- (d) No noxious or offensive activity or nuisance;
- (e) Nothing shall be allowed, done or kept in any residence or common element which will cause an increase in ordinary premium rates or cancellation or

invalidation of any insurance maintained by the board of directors of the condominium association;

(f) No strip, waste, or unlawful, improper or offensive use;

(g) Except as permitted in the Declaration, no erection or placement of any new building or structure (except that fences and walls of normal height are allowed), no change to any common element and no antennas without advance written approval by the board of directors of the condominium association and a majority of the Unit owners (or larger percentage required by law or the Declaration); and

(h) No substantial obstruction of another resident's view channel toward the ocean or the mountain.

**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	
<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 Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Describe any variances that have been granted to zoning code			SEE EXHIBIT C.	

**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 checked="" 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>SEE PAGE 6a.</p>			

1.14 Other Zoning Compliance Matters.

All structures are conforming, except for Unit 2. (See Exhibit A – Amendment No. 2 to Condominium Map, page 1.)

Unit 2 has been designated as a lawfully existing nonconforming structure and cannot be further expanded. (See Exhibit E – Letter dated January 3, 2007, from Jeffrey S. Hunt, Planning Director, County of Maui.)

Under existing laws and codes, if Unit 2 is damaged or destroyed then Unit 2 may be repaired or rebuilt, but in no event may Unit 2 be further expanded. Any such repair or rebuild must comply with the conditions stated in Exhibit C, Agreement – Additional Structure in Agricultural District and the Affidavit attached to that agreement, as well as to applicable zoning, land use, permitting and other provisions of the Hawaii Revised Statutes and the Maui County Code.

**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 checked="" type="checkbox"/> <b>Applicable</b></p> <p><input type="checkbox"/> <b>Not Applicable</b></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>All structural components and mechanical and electrical installations material to the use and enjoyment of the units are in good shape, as described in the Architect's Report attached hereto as Exhibit H and incorporated herein.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>Developers make no statement covering the useful life of any of the items described in Exhibit H (Architect's Report).</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>E</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 non-conforming 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 style="text-align: center;">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"/> <b>Yes</b>  <input type="checkbox"/> <b>No</b></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:</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"/> <b>Yes</b>  <input checked="" type="checkbox"/> <b>No</b></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(s)</b></p>	<p>Name: Kelton James Montalvo and Louise Ann Montalvo George Louis Reed, Jr. and Patricia Margaret Reed Robert A. Sears, Jr.</p> <p>Business Address: c/o Richard M. Matthews, Esq. 216 Hoopalua Drive, Makawao, HI 96768</p> <p>Business Phone Number: (808) 283-4885 E-mail Address: rmm@richmatthews.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><b>2.2 Real Estate Broker</b></p>	<p>Name: NONE SELECTED, SEE PAGE 18 Business Address:</p> <p>Business Phone Number: E-mail Address:</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 80 Puunene Avenue, Kahului, HI 96732</p> <p>Business Phone Number: (808) 871-2200</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: None. Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: None. Self-managed. Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Richard M. Matthews, Esq. Business Address: 216 Hoopalua Drive, Makawao, HI 96768</p> <p>Business Phone Number: (808) 283-4885</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

#### 3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	July 15, 2006	2006-145442

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Amendment No. 1 Bureau of Conveyances	September 11, 2007	2007-163588
Amendment and Restatement Bureau of Conveyances	June 19, 2008	2008-108647

#### 3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	Undated	2006-145443

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Amendment No. 1 Bureau of Conveyances	September 11, 2007	2007-163589
Amendment and Restatement Bureau of Conveyances	Undated	2008-108648

#### 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	Condominium File Plan No. 4299
Dates of Recordation of Amendments to the Condominium Map: SEE PAGE 10a	

3.3 Condominium Map – Dates of Recordation of Amendments.

(a) Amendment No. 1 – Exhibit B of Declaration; Recorded September 14, 2007 as Document No. 2007-163588.

(b) Amendment No. 2 – Exhibit B of Amendment and Restatement of the Declaration; Recorded July 7, 2008 as Document No. 2008-108647.

**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%	75%
Bylaws	67%	67%

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

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

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<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.	
The initial Condominium Managing Agent for this project is (check one):	
<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

<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.
Exhibit <u>D</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

### 4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<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

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

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>F</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: June 26, 2006 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>G</u> contains a summary of the pertinent provisions of the escrow agreement.
<input checked="" type="checkbox"/>	Other: SEE PAGE 13a

### 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 ____ .
<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.

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
First Mortgage	SEE PAGE 13a
Second Mortgage	SEE PAGE 13a
Line of Credit	SEE PAGE 13a

### 5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

NO WARRANTIES.

Appliances:

NO WARRANTIES.

5.1 Other Sales Documents Filed with the Real Estate Commission

The Developers have filed these other sales documents with the Real Estate Commission:

- A. Specimen Montalvo-Reed Condominium Deed (Unit 1);
- B. Specimen Montalvo-Reed Condominium Deed (Unit 2); and
- C. Easement for Utilities.

5.3 Blanket Liens

If the developer defaults or any blanket lien is foreclosed prior to the conveyance of a Unit to a purchaser, the purchaser's full deposit(s) and any interest earned on the deposit(s) shall be returned to the purchaser.

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

Status of Construction:  Construction of the buildings was completed in 2006.
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:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

**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.  <i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i>
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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></p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><b><u>Important Notice Regarding Your Deposits: 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.</u></b></p>
<p><b>Box B</b></p> <p><input type="checkbox"/></p>	<p>The Developer has <b><u>not</u></b> 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:

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

### DECLARATION.

The Developers hereby declare, subject to the penalties set forth in Section 514B-69(b) of the Hawaii Revised Statutes ("HRS"), that the project is in compliance with all county zoning and building ordinances and codes, and all other permitting requirements applicable to the Project pursuant to Sections 514B-5 and 514B-32(a)(13) of the HRS, and declare further:

(A) There is an Agreement - Additional Structure in Agricultural District, attached to this Public Report as Exhibit C, which may be construed as a variance that has been granted to achieve the above-stated compliance; and

(B) As a result of the adoption or amendment of any ordinances or codes, the Project does not contain any legal nonconforming conditions, uses, or structures.

### CONDOMINIUM UNITS 1 AND 2.

Unit 1 contains a two-story dwelling with an attached one-story garage and a one-story gym area, as more fully described in Amendment No. 2 to the Condominium Map, attached hereto as Exhibit A (the "Condominium Map"). Unit 2 contains a one-story dwelling with an attached one-story garage, as more fully described in the Condominium Map.

As specified in the Condominium Map, Unit 1 and Unit 2 each have verticle boundaries extending so far as is permitted under the Hawaii Revised Statutes ("HRS"), including Section 514B-5 of the HRS, county zoning and development ordinances, county permitting requirements, as well as any other applicable state, county and local laws and regulations, all as may be amended. Currently, applicable law and regulations provide that the maximum height of any dwelling shall be 30 feet, except that vent pipes, fans, chimneys, antennae, and solar collectors shall not exceed 40 feet.

### DISCLOSURE RE: SELECTION OF REAL ESTATE BROKER.

This Public Report shall not bind a purchaser to the sale of a Unit until the Developer (1) first submits to the Real Estate Commission a duly executed amendment identifying the designated sales agent, a duly executed copy of the broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said amendment to the purchaser together with a copy of this Public Report.

### NOT A SUBDIVISION.

This is a condominium project which should not be confused with a subdivision. A purchaser of a Unit will be conveyed the Unit together with an "undivided" percentage interest in the common elements of the Project and rights to any limited common elements appurtenant to the Unit.

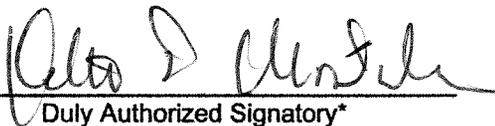
The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, 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 and include either or all material facts, material or pertinent changes to any information contained in or omitted from 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.

Kelton James Montalvo

Printed Name of Developer

By:  June 11-2008  
Duly Authorized Signatory\* Date

Kelton J. MONTALVO

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.**

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.

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Louise Ann Montalvo

Printed Name of Developer

By: Louise Ann Montalvo 6/10/08  
Duly Authorized Signatory\* Date

Louise Ann Montalvo  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

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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.

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George Louis Reed, Jr. and Patricia Margaret Reed

Printed Name of Developer

By: Patricia Margaret Reed  
Duly Authorized Signatory\*

JUNE 10, 2008  
Date

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.**

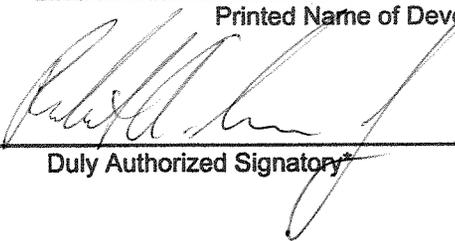
The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located,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

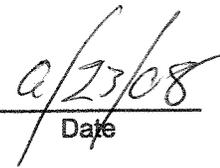
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The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and 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 and include either or all material facts, material or pertinent changes to any information contained in or omitted from 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.

Robert A. Sears, Jr.

Printed Name of Developer

By:   
Duly Authorized Signatory

  
Date

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

### UNIT TYPES AND SIZES OF UNITS (AMENDMENT NO. 2 TO CONDOMINIUM MAP)

Attached hereto and incorporated herein is Amendment No. 2 to the Condominium Map for Montalvo-Reed, Condominium File Plan No. 4299, which consists of the following:

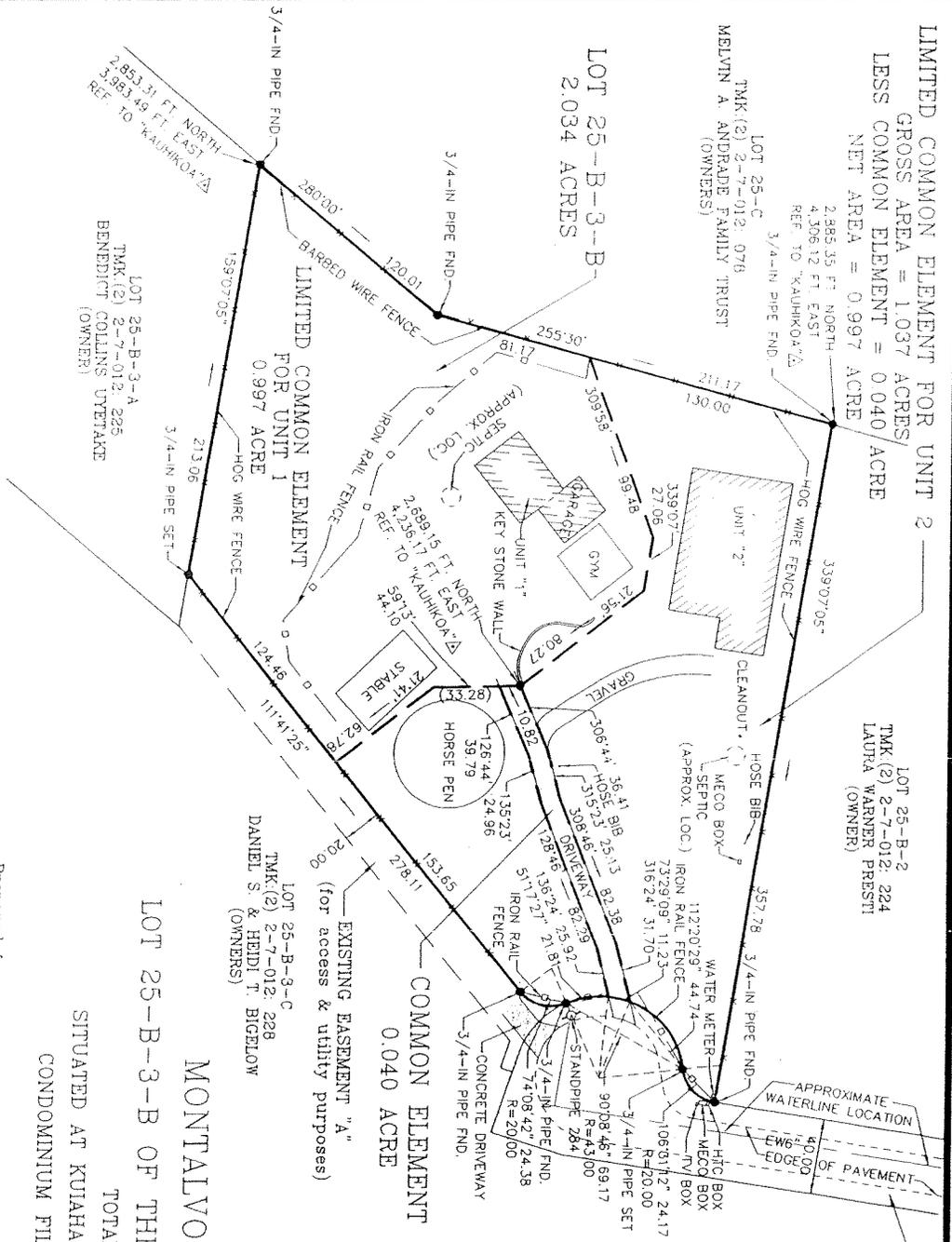
- (a) Page 1: Condominium Map, prepared by Bruce R. Lee, Licensed Professional Land Surveyor Certificate No. 5983-LS;
- (b) Pages 2-3: Legal Description of Limited Common Element for Unit No. 1, prepared by Bruce R. Lee, Licensed Professional Land Surveyor Certificate No. 5983-LS;
- (c) Pages 4-7: Legal Description of Limited Common Element for Unit No. 2 and the Common Element, prepared by Bruce R. Lee, Licensed Professional Land Surveyor Certificate No. 5983-LS;
- (d) Pages 8-9: Floor Plan and Elevations of Unit No. 1, prepared by Ricky James McGovern, Licensed Professional Architect, No. 10719;
- (e) Pages 10-11: Floor Plan and Elevations of Unit No. 2, prepared by Ricky James McGovern, Licensed Professional Architect, No. 10719;
- (f) Page 12: Vertical Boundaries of the Units; and
- (g) Page 13: Certification of Condominium Map by Bruce R. Lee, Licensed Professional Land Surveyor Certificate No. 5983-LS and Ricky James McGovern, Licensed Professional Architect, No. 10719.

**LIMITED COMMON ELEMENT FOR UNIT 2**  
 GROSS AREA = 1.037 ACRES  
 LESS COMMON ELEMENT = 0.040 ACRE  
 NET AREA = 0.997 ACRE

LOT 25-B-2  
 TMK(2) 2-7-012-224  
 LAURA WARNER PRESTI  
 (OWNER)

LOT 25-B-3  
 TMK(2) 2-7-012-227  
 MELVIN A. ANDRADE FAMILY TRUST  
 (OWNERS)

LOT 25-B-4  
 TMK(2) 2-7-012-226  
 PRIVATE ROADWAY LOT



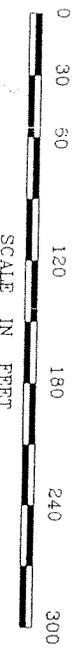
**NOTE:**  
 This is a condominium map, not a subdivision.  
 The dashed line between Limited Common Elements For Units "1" and "2" is for registration purposes and only serves to depict the areas of each limited common element and does not denote a legal subdivision boundary line.

TMK(2) 2-7-012-227

1" X 17" = 13 SQ. FT.

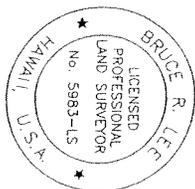
NEWCOMER - LEE LAND SURVEYORS, INC. 1498 LOWER MAIN STREET, SUITE D, WAILUKU, MAUI, HAWAII 96793

JOB NO. 05-6933 | DWG NO. 6933D



SCALE IN FEET

**MONTALVO-REED CONDOMINIUM**  
 LOT 25-B-3-B OF THE KUIAHA-KAUPAKULUA HOMESTEADS  
 TOTAL AREA = 2.034 ACRES  
 SITUATED AT KUIAHA-KAUPAKULUA, MAKAWAO, MAUI, HAWAII  
 CONDOMINIUM FILE PLAN: SHEET 1 OF \_\_\_\_\_ SHEETS

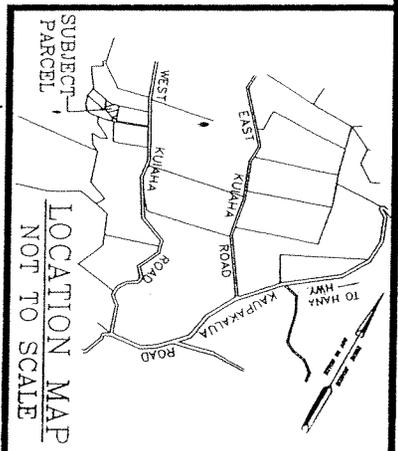


Prepared for:  
 Kelton & Louise Montalvo  
 1324 W. Kulaha Road  
 Haiku, Hawaii 96708

Scale: 1 Inch = 60 Feet  
 Date: September 27, 2005  
 Revised: March 20, 2006

This plat was prepared from a survey on the ground performed by me or under my supervision.

*Bruce R. Lee*  
 BRUCE R. LEE  
 Licensed Professional Land Surveyor Certificate No. 5983-LS



DESCRIPTION  
**LIMITED COMMON ELEMENT FOR UNIT 1  
MONTALVO-REED CONDOMINIUM  
PORTION OF LOT 25-B-3-B OF THE  
KUIAHA-KAUPAKULUA HOMESTEADS**

All of that certain parcel of land, being Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, being a portion of Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads, also being a portion of Grant 6469 to Carlton C. James, situated at Kuiaha-Kaupakulua, Makawao, Island and County of Maui, State of Hawai'i and being more particularly described as follows:

Beginning at the west corner of this parcel of land, on the southwesterly boundary of Lot 25-C of said Kuiaha-Kaupakulua Homesteads, said point also being the northwesterly corner of Lot 25-B-3-A and the west corner of Lot 25-B-3-B of said Kuiaha-Kaupakulua Homesteads, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAUHIKOA" being:

2,853.31 feet North  
3,983.49 feet East

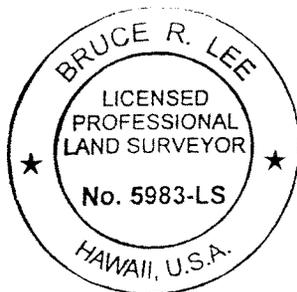
and running by azimuths measured clockwise from true South:

1. 280° 00' 00"            120.01 feet along said Lot 25-C of said Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to a found ¾-inch pipe;
2. 255° 30' 00"            81.17 feet along said Lot 25-C of said Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to the northwest corner of Limited Common Element for Unit 2 of said Montalvo-Reed Condominium;
3. 309° 58' 00"            99.48 feet along said Limited Common Element for Unit 2 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
4. 339° 07' 00"            27.06 feet along said Limited Common Element for Unit 2 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;

- 5. 21° 56' 00" 80.27 feet along said Limited Common Element for Unit 2 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
- 6. 59° 13' 00" 44.10 feet along said Limited Common Element for Unit 2 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
- 7. 21° 41' 00" 62.78 feet along said Limited Common Element for Unit 2 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James to a point on the northeasterly boundary of Lot 25-B-3-C of said Kuiaha-Kaupakulua Homesteads;
- 8. 111° 41' 25" 124.46 feet along said Lot 25-B-3-C of said Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to a set 3/4-inch pipe;
- 9. 159° 07' 05" 213.06 feet along said Lot 25-B-3-A of said Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to the point of beginning and containing an area of 0.997 Acre, more or less.

Prepared by:

**NEWCOMER-LEE  
LAND SURVEYORS, INC.,** a Hawai'i Corporation



This description was prepared from a survey on the ground performed by me or under my supervision.

*Bruce R. Lee* Oct 1/10

BRUCE R. LEE

Licensed Professional Land  
Surveyor Certificate No. 5983-LS

3/20/06  
MONTALVO/MATTHEWS  
File 05-6933  
05-6933 Montalvo-Reed Condo Unit 1

DESCRIPTION  
**LIMITED COMMON ELEMENT FOR UNIT 2  
MONTALVO-REED CONDOMINIUM  
PORTION OF LOT 25-B-3-B OF THE  
KUIAHA-KAUPAKULUA HOMESTEADS**

All of that certain parcel of land, being Limited Common Element for Unit 2 of the Montalvo-Reed Condominium, being a portion of Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads, also being a portion of Grant 6469 to Carlton C. James, situated at Kuiaha-Kaupakulua, Makawao, Island and County of Maui, State of Hawai'i and being more particularly described as follows:

Beginning at the north corner of this parcel of land, on the southeasterly boundary of Lot 25-C of said Kuiaha-Kaupakulua Homesteads, said point also being the north corner of Lot 25-B-3-B and the west corner of Lot 25-B-2 of said Kuiaha-Kaupakulua Homesteads, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAUHIKOA" being:

2,885.35 feet North  
4,306.12 feet East

and running by azimuths measured clockwise from true South:

1. 339° 07' 05"                      357.78 feet along said Lot 25-B-2 of the Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to a found ¾-inch pipe on the north boundary of Lot 25-B-4 (private roadway lot) of said Kuiaha-Kaupakulua Homesteads;

Thence along said Lot 25-B-4 (private roadway lot) of the Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James on the arc of a curve to the right, concave northeasterly with a radius of 20.00 feet, the chord azimuth and distance being:

2. 106° 31' 12"                      24.17 feet to a set ¾-inch pipe at a point of reverse curvature;

Thence along said Lot 25-B-4 (private roadway lot) of said Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James on the arc of a curve to the left, concave southerly with a radius of 43.00 feet, the chord azimuth and distance being:

3. 90° 08' 46"                      69.17 feet to a found ¾-inch pipe at the northeasterly corner of Lot 25-B-3-C of said Kuiaha-Kaupakulua Homesteads, at a point of reverse curvature;

Thence along said Lot 25-B-3-C of the Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James on the arc of a curve to the right, concave northwesterly with a radius of 20.00 feet, the chord azimuth and distance being:

4. 74° 08' 42" 24.38 feet to a found ¾-inch pipe;
5. 111° 41' 25" 153.65 feet along said Lot 25-B-3-C of the Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to the south corner of Limited Common Element for Unit 1 of said Montalvo-Reed Condominium;
6. 201° 41' 00" 62.78 feet along said Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
7. 239° 13' 00" 44.10 feet along said Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
8. 201° 56' 00" 80.27 feet along said Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
9. 159° 07' 00" 27.06 feet along said Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
10. 129° 58' 00" 99.48 feet along said Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James to a point on the southeasterly boundary of said Lot 25-C of the Kuiaha-Kaupakulua Homesteads;
11. 255° 30' 00" 130.00 feet along said Lot 25-C of the Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James to the point of beginning and containing a Gross Area of 1.037 Acres, Less the Common Element with an Area of 0.040 Acre, Leaving a Net Area of 0.997 Acre, more or less.

Said Common Element being more particularly described as follows:

DESCRIPTION  
COMMON ELEMENT  
MONTALVO-REED CONDOMINIUM  
PORTION OF LOT 25-B-3-B OF THE  
KUIAHA-KAUPAKULUA HOMESTEADS

All of that certain parcel of land, being the Common Element of the Montalvo-Reed Condominium, being a portion of Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads, also being a portion of Grant 6469 to Carlton C. James, situated at Kuiaha-Kaupakulua, Makawao, Island and County of Maui, State of Hawai'i and being more particularly described as follows:

Beginning at the north corner of this parcel of land, on the southeasterly boundary of Limited Common Element for Unit 1 and the northwesterly boundary of Limited Common Element for Unit 2 of said Montalvo-Reed Condominium, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAUHIKOA" being:

2,689.15 feet North  
4,236.17 feet East

and running by azimuths measured clockwise from true South:

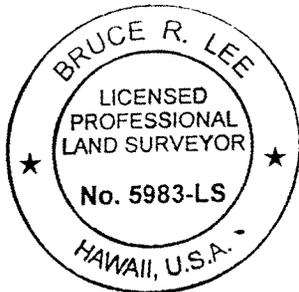
1. 306° 44' 00"            36.41 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
2. 315° 23' 00"            25.13 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
3. 308° 46' 00"            82.38 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
4. 316° 24' 00"            31.70 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James to a point on the northwesterly boundary of Lot 25-B-4 (private roadway lot) of said Kuiaha-Kaupakulua Homesteads;

Thence along said Lot 25-B-4 (private roadway lot) of said Kuiaha-Kaupakulua Homesteads, along the remainder of said Grant 6469 to Carlton C. James on the arc of a curve to the left, concave southeasterly with a radius of 43.00 feet, the chord azimuth and distance being:

5. 73° 29' 09" 11.23 feet;
6. 136° 24' 00" 25.92 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
7. 128° 46' 00" 82.29 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
8. 135° 23' 00" 24.96 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James;
9. 126° 44' 00" 39.79 feet along the remainders of said Limited Common Element for Unit 2 of Montalvo-Reed Condominium, said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James to a point on the southwesterly boundary of said Limited Common Element for Unit 1 of Montalvo-Reed Condominium;
10. 239° 13' 00" 10.82 feet along said Limited Common Element for Unit 1 of the Montalvo-Reed Condominium, along the remainders of said Lot 25-B-3-B of the Kuiaha-Kaupakulua Homesteads and said Grant 6469 to Carlton C. James to the point of beginning and containing an area of 0.040 Acre, more or less.

Prepared by:

**NEWCOMER-LEE**  
**LAND SURVEYORS, INC.**, a Hawai'i Corporation



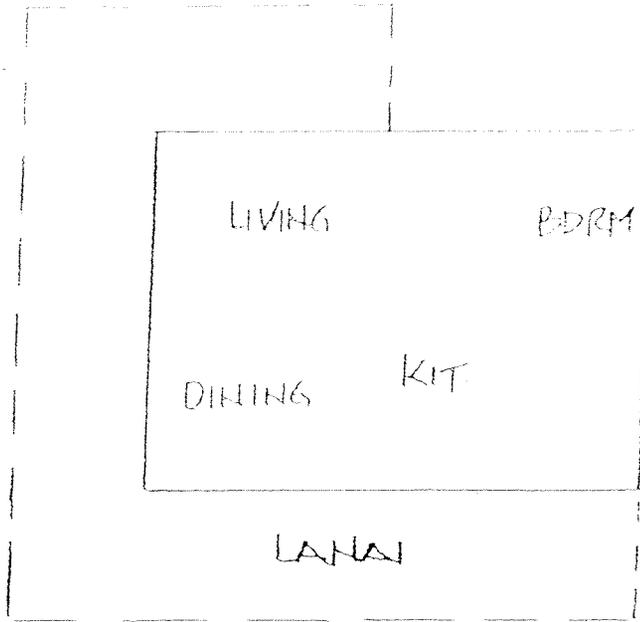
This description was prepared from a survey on the ground performed by me or under my supervision.

*Bruce R. Lee* 04/10

BRUCE R. LEE

Licensed Professional Land  
 Surveyor Certificate No. 5983-LS

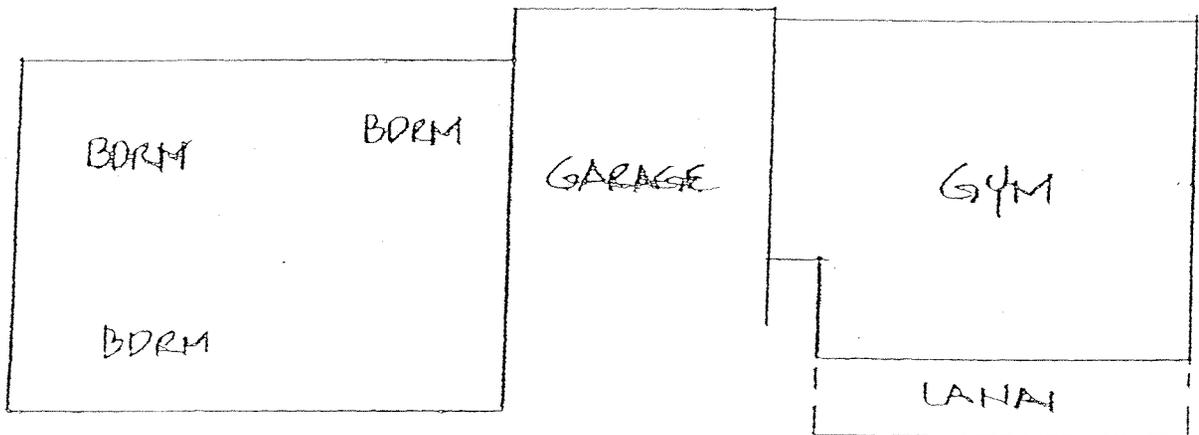
3/20/06  
 MONTALVO/MATTHEWS  
 File 05-6933  
 05-6933 Montalvo-Reed Condo Unit 2



APARTMENT A

CONDO UNIT #1 - UPPER FLOOR

$\frac{1}{16}'' = 1'-0''$



APARTMENT A

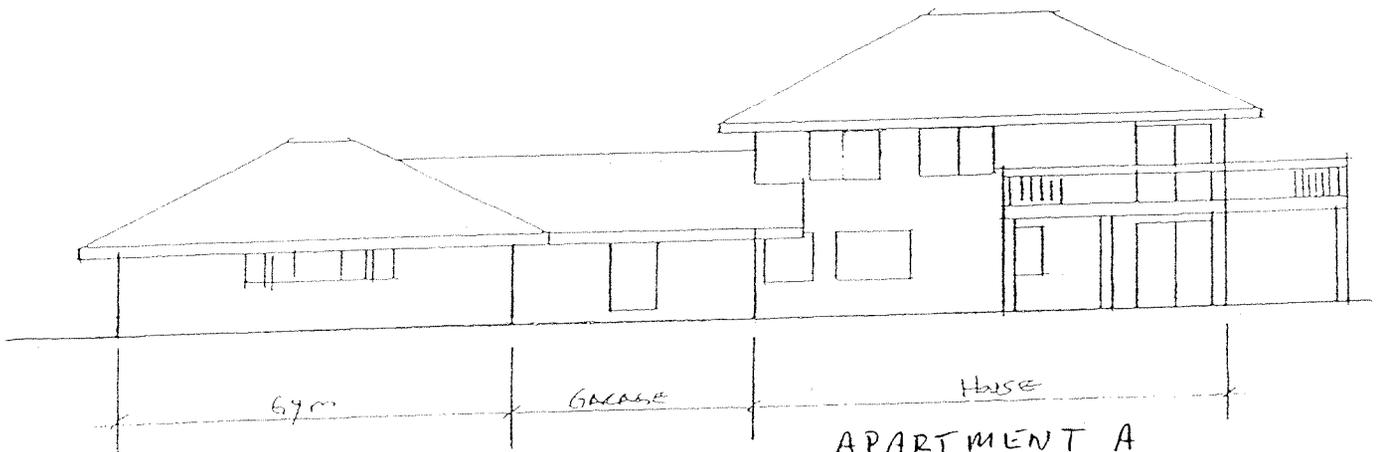
CONDO UNIT #1 - LOWER FLOOR

$\frac{1}{16}'' = 1'-0''$



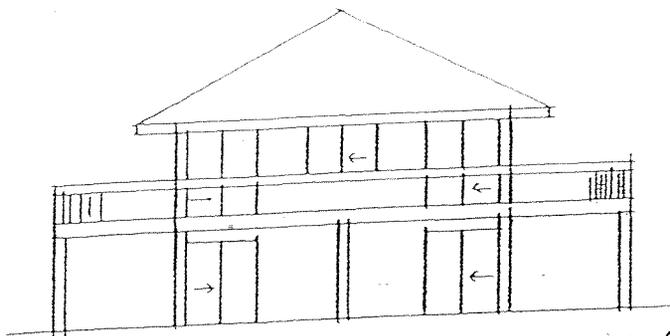
APARTMENT A  
CONDO UNIT #1 - SOUTH ELEVATION

$\frac{1}{16}'' = 1'-0''$



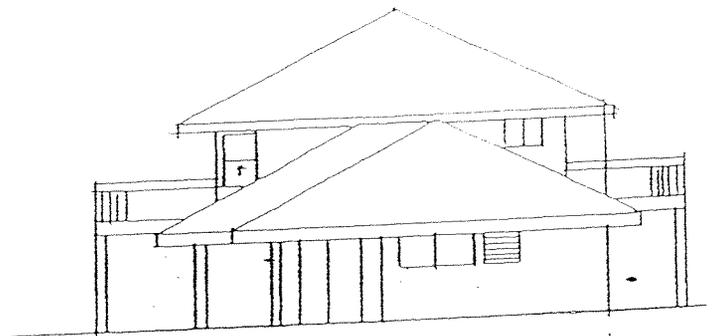
APARTMENT A  
CONDO UNIT #1 - NORTH ELEVATION

$\frac{1}{16}'' = 1'-0''$



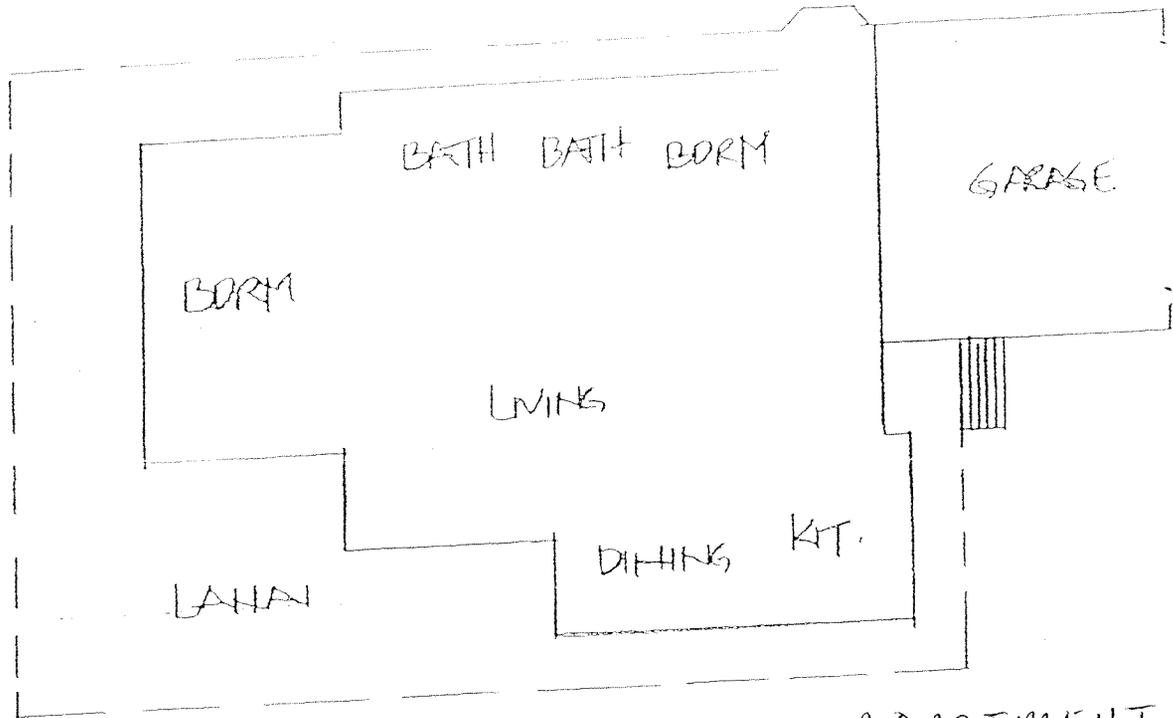
APARTMENT A  
CONDO UNIT #1 - WEST ELEV.

$\frac{1}{16}'' = 1'-0''$



APARTMENT A  
CONDO UNIT #1 - EAST ELEV.

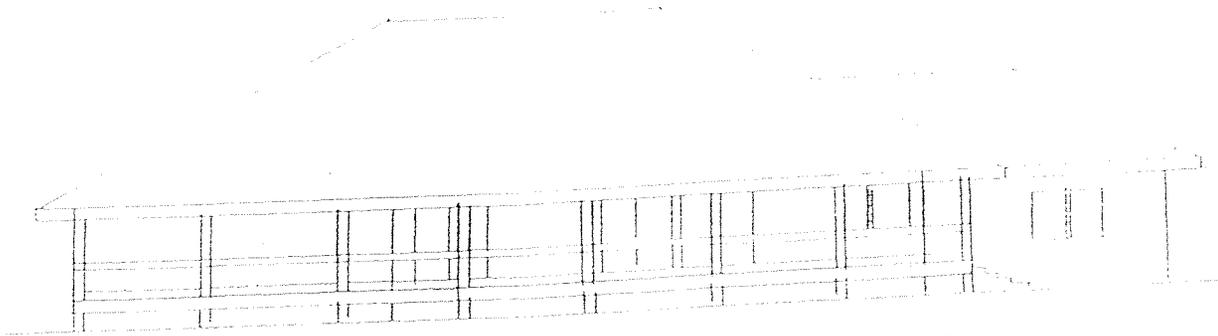
$\frac{1}{16}'' = 1'-0''$



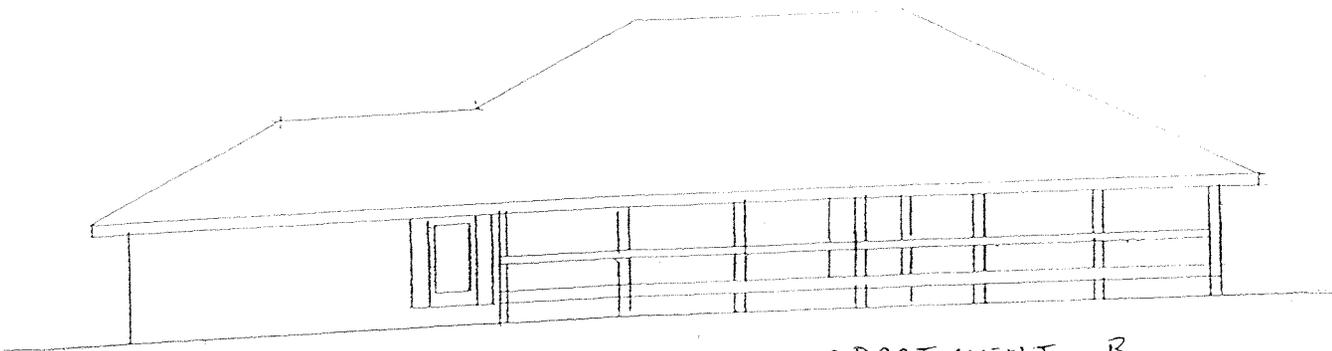
APARTMENT B

CONDO UNIT # 2 - FLOOR PLAN

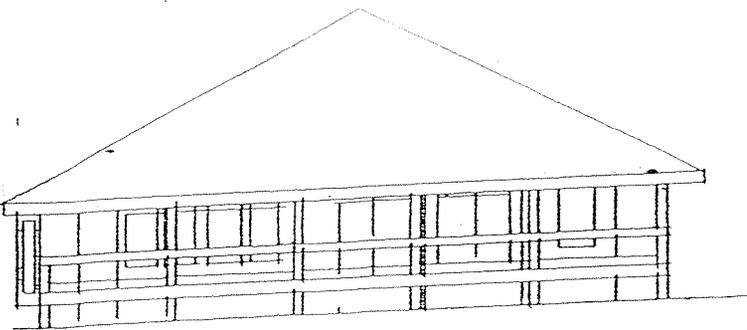
1/16" = 1'-0"



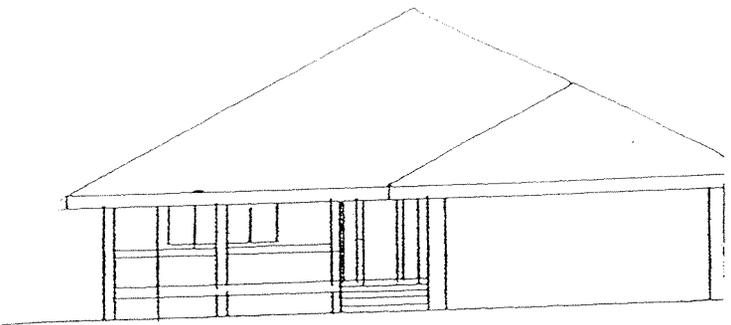
APARTMENT B  
CONDO UNIT # 2 - WEST ELEVATION  
 $\frac{1}{16}'' = 1'-0''$



APARTMENT B  
CONDO UNIT # 2 - EAST ELEVATION  
 $\frac{1}{16}'' = 1'-0''$



APARTMENT B  
CONDO UNIT # 2 - NORTH ELEV.  
 $\frac{1}{16}'' = 1'-0''$



APARTMENT B  
CONDO UNIT # 2 - SOUTH EU  
 $\frac{1}{16}'' = 1'-0''$

### Vertical Boundaries of the Units

As provided in Section 4.2 of the Declaration, the vertical boundaries for Unit No. 1 and Unit No. 2 shall extend only so far as permitted under Section 514B-5 of the Hawaii Revised Statutes and amendments thereto, which section, in pertinent part, currently provides:

Section 514B-5. Conformance with county land use laws.

Any condominium property regime established under this chapter shall conform to the existing underlying county zoning for the property and all applicable county permitting requirements adopted by the county in which the property is located, including any supplemental rules adopted by the county, pursuant to section 514B-6, to ensure the conformance of condominium property regimes to the purposes and provisions of county zoning and development ordinances and chapter 205.

Section 19.30A.030 of the Maui County Code currently provides:

The maximum height of any dwelling shall be 30 feet, except that vent pipes, fans, chimneys, antennae, and solar collectors shall not exceed 40 feet.

CERTIFICATION OF CONDOMINIUM MAP

OF

MONTALVO - REED

CONDOMINIUM FILE PLAN NO 4299

In accordance with Section 514B-34(a) of the Hawaii Revised Statutes I, Bruce R. Lee, of Newcomer-Lee Land Surveyors, Inc., do hereby state and certify that, to the best of my knowledge, the portion of the Condominium Map of Montalvo-Reed prepared by me or under my supervision depicts the layout, location, dimensions, and numbers of the units substantially as built

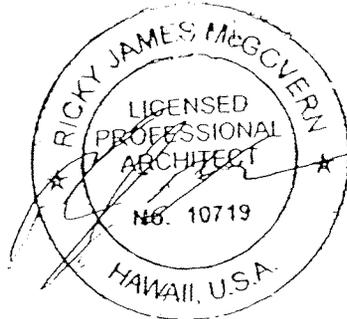
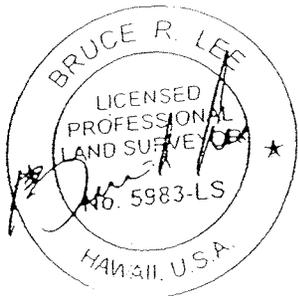
Aug. 4, 2006

Bruce R. Lee 08/04/06  
Bruce R. Lee, Licensed Professional Land  
Surveyor Certificate No. 5983-LS

In accordance with Section 514B-34(a) of the Hawaii Revised Statutes I, Rick McGovern, A.I.A., do hereby state and certify that, to the best of my knowledge, the portion of the Condominium Map of Montalvo-Reed prepared by me or under my supervision depicts the layout, location, dimensions, and numbers of the units substantially as built

August 4, 2006

Rick McGovern A.I.A.  
Rick McGovern, A.I.A., Licensed Architect



## EXHIBIT B

### ENCUMBRANCES AGAINST TITLE

Per a Status Report regarding title to the Property, issued by Title Guaranty of Hawaii, Inc., dated August 9, 2006, the following documents may affect title or use of the Property:

1. Subdivision Agreement (Three Lots or Less), dated December 23, 1985, and recorded at Liber 19203, Page 670.

This provides that the subdivision agrees to participate in an improvement district for West Kuiaha Road if and when such improvement district is proposed.

2. Agreement – Additional Structure in Agricultural District, dated January 19, 1999, and recorded as Document No. 99-032882. See Exhibit C for a copy of this agreement.

This provides for a second dwelling that exceeds 1,000 square feet.

3. Subdivision Agreement (Large Lots), dated December 23, 1985, and recorded at Liber 19203, Page 677.

This provides that certain roadway, drainage and sewer improvements are deferred until actual development or future subdivision of any of the large lots.

4. Farm Dwelling Agreement, dated December 23, 1985, and recorded at Liber 19203, Page 687.

This allows for a single-family farm dwelling in connection with the subdivision.

5. Subdivision Agreement (Agricultural Use), dated December 28, 1992, and recorded as Document No. 93-008031.

This sets forth the permissible uses of land within an agricultural district.

6. Declaration, dated July 26, 1993, and recorded as Document No. 93-133057.

This contains the covenants, conditions and restrictions for the subdivision.

7. Deed, dated August 30, 1993, and recorded as Document No. 93-149599.

This contains certain covenants relating to the use, repair and maintenance of the private roadway lot providing access to the Property.

8. Subdivision Agreement (Agricultural Use), dated January 14, 1994, and recorded as Document No. 94-019475.

This sets forth the permissible uses of land within an agricultural district.

9. Perpetual Easement for pole and wire lines, underground power lines, and related appliances and equipment in favor of Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, dated June 21, 1993, and recorded as Document No. 93-121953.

This is an easement over the West Kuiaha road widening lot and the private roadway lot providing access to the Property.

10. Nonexclusive Easement provided over and across Lots 25-B-2 and 25-B-4, dated August 2, 1993, and recorded as Document No. 93-134033.

This is a 15-foot wide easement for ingress and egress of livestock and pedestrian traffic only across the private roadway lot providing access to the Property and another lot adjoining the Property.

11. Nonexclusive Easement over, under, across and through a portion of TMK: 2-7-12:189 for a water pipeline and related water system improvements in favor of The Board of Water Supply of the County of Maui, dated August 30, 1993, and recorded as Document No. 93-191399.

This is an easement over, under, across and through the West Kuiaha road widening lot and the private roadway lot providing access to the Property.

12. Real Estate First Mortgage (Kelton James Montalvo and Louise Ann Montalvo, Mortgagor, and Wells Fargo Financial Hawaii, Inc., Mortgagee), dated September 25, 2003, and recorded as Document No. 2003-213215.

13. Real Estate Mortgage (Kelton James Montalvo and Louise Ann Montalvo, Mortgagor, and Wells Fargo Bank, Mortgagee), dated March 22, 2005, and recorded as Document No. 2005-059074.

This is a Revolving Line of Credit Agreement, up to a maximum of \$25,000.00.

14. Real Estate Second Mortgage (Kelton James Montalvo and Louise Ann Montalvo, Mortgagor, and Wells Fargo Financial Hawaii, Inc., Mortgagee), dated April 18, 2005, and recorded as Document No. 2005-079644.

15. Agreement of Sale (Kelton James Montalvo and Louise Ann Montalvo, Vendor, and Robert A. Sears, Jr., Vendee), dated November 29, 2005, and recorded as Document No. 2005-245157.

This is for the sale of an undivided one-half (50%) interest in the Property.

16. Declaration of Condominium Property Regime for "Montalvo-Reed" Condominium Project, dated July 15, 2006, and recorded as Document No. 2006-145442.

17. By-laws of the Association of Apartment Owners of "Montalvo-Reed", dated July 17, 2006, and recorded as Document No. 2006-145443.

EXHIBIT C

AGREEMENT – ADDITIONAL STRUCTURE IN AGRICULTURAL DISTRICT  
(VARIANCES THAT HAVE BEEN GRANTED TO THE ZONING CODE)

Variances to the zoning code that have been granted are contained in the Agreement – Additional Structures in Agricultural District, attached hereto and incorporated herein.



W I T N E S S E T H:

WHEREAS, Owner is the owner of a certain parcel of real property at 1324 West Kuiaha Rd, Haiku, identified as Tax Map Key No. 2-2-7-12-227, containing an area of approximately 2 acres; and

WHEREAS, said property is located within an Agricultural District as designated by the State Land Use Commission; and

WHEREAS, the below described structures exist on said property, two story house with lanai, car port, and storage room. A small saddle / feed room located outside of house; and

WHEREAS, Owner desires to build an additional structure on the property; and

WHEREAS, Owner wishes to construct the following structure(s) on the property:

Farm dwelling home - 2,000 sq feet  
garage 508 sq feet  
Deck - 1100 sq feet; and

WHEREAS, the State Land Use Law, Chapter 205, Hawaii Revised Statutes, allows certain dwellings or structures related to or accessory to the permitted uses in the district; other uses may be allowed only by special permits issues pursuant to Chapter 205; and

WHEREAS, Owner has represented, by Affidavit attached hereto as Exhibit "A" and made a part hereof, that the structure the Owner

wishes to construct is necessary to support certain activities on the property as permitted by Chapter 205, Hawaii Revised Statutes; and

WHEREAS, Section 205-13, Hawaii Revised Statutes (1985), states in pertinent part:

Any person who violates any provision under section 205-4.5, or any regulation established relating thereto, shall be fined not more than \$5,000, and any person who violates any other provision of this chapter, or any regulation established relating thereto, shall be fined not more than \$1,000.

If any person cited for a violation under this chapter fails to remove such violation within six months of such citation and the violation continues to exist, such person shall be subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation. [Emphasis added]; and

WHEREAS, the Department of Public Works and Waste Management is charged with the enforcement of said restrictions and conditions by Chapter 205, Hawaii Revised Statutes;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed by and between the Owner, for himself and his heirs, lessees, devisees, personal representatives, successors and assigns, and the County of Maui, as follows:

1. The County shall permit the construction of the additional structure described herein upon the subject property, PROVIDED THAT the Owner may utilize said structure only in the manner which the Owner has represented in his Affidavit so long as such use is permissible by law.

2. If Owner is found to be utilizing the structure in a manner that does not reflect the uses to which the Owner attested in the Owner's Affidavit, and/or such uses are not permitted in the Agricultural District, the Owner, upon written notification of same by the County, agrees to cease such improper use of the structure. The Owner further understands that he/she shall also be subject to citation by the County of a violation of the State Land Use Law and any applicable County ordinance, and shall be subject to the penalties as prescribed therein.

3. The Owner shall notify the County if the Owner ceases to use or wishes to change the use of the additional structure, and shall file an additional affidavit attesting to the use contemplated. If the Owner wishes to change the use to one which is not permitted under Chapter 205, Hawaii Revised Statutes, Owner hereby agrees to stop using the structure until Owner obtains an appropriate special use permit pursuant to Section 205-6, Hawaii Revised Statutes.

4. Owner agrees to notify the Director of the Department of Public Works and Waste Management in writing prior to a change in use of the additional structure and Owner understands that such failure to notify the County is a violation of the terms under which the permits issued herein are granted.

5. All present and future owners, lessees and occupants of said property hereby grant the County the right to enter upon at reasonable times and inspect the property to ensure compliance with the provisions of this Agreement.

6. The County, by entering into this Agreement, does not warrant that the proposed structure or the use(s) represented by the Owner by Affidavit are appropriate under Chapter 205, Hawaii Revised Statutes.

7. Where there is more than one Owner, all obligations of the Owner set forth herein shall be joint and several obligations of each Owner.

8. This Agreement shall be subject to subsequent legislative and administrative amendments and interpretations, which are made to Chapter 205, Hawaii Revised Statutes, and the applicable portions of the Maui County Code.

9. This Agreement shall remain in effect so long as the land retains its Agricultural District classification under the State Land Use Commission, and the pertinent restrictive provisions of Chapter 205, Hawaii Revised Statutes and the State Land Use Commission District Regulations remain in effect. Upon reclassification to a land use district other than an agricultural district, this Agreement shall be canceled and rendered null and void.

10. The Owner shall expressly set forth the provisions of this Agreement, the restrictions on uses and the condition herein, in any deed, lease, agreement of sale or rental agreement to said property hereafter executed, so as to provide additional notice of said covenants.

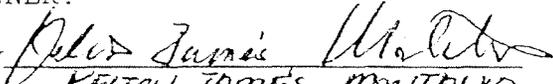
11. The County shall issue the requested approvals provided the Owner complies with all applicable laws.

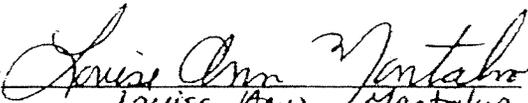
12. This Agreement and all of the covenants, conditions and restrictions contained herein shall continue to be effective as to and run with the land in perpetuity, or until the same is released as to the Property or any part thereof by the County.

13. The term "Owner" and any pronoun in reference thereto, wherever used herein, shall be construed to mean the singular or the plural, the masculine or the feminine or the neuter, and vice versa, and shall include any corporation, and shall be held to mean and include the Owner, the Owner's heirs, devisees, executors, administrators, personal representative, successors, and assigns.

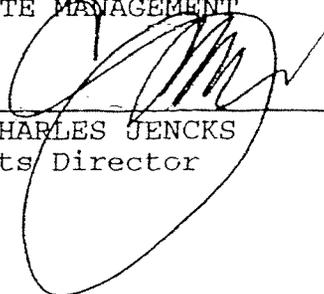
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the 19 day of January, 1999.

OWNER:

By   
KELTON JAMES MONTALVO  
(Print name above)  
Its OWNER  
(Title)

By   
LOUISE ANN MONTALVO  
(Print name above)  
Its OWNER  
(Title)

COUNTY OF MAUI  
DEPARTMENT OF PUBLIC WORKS AND  
WASTE MANAGEMENT

By   
CHARLES JENCKS  
Its Director

APPROVED AS TO FORM  
AND LEGALITY:

  
Howard M. Fukushima  
Deputy Corporation Counsel  
County of Maui s:\LOCAL\ALL\PLANNING\GEO\AGREED\PT\ADOLSTRC.AO

STATE OF HAWAII )  
 ) SS.  
COUNTY OF MAUI )

On this 19th day of January, 1999, before me personally appeared Kelton James Montalvo, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacities shown, having been duly authorized to execute such instrument in such capacities.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Susan C. Kungalds  
Notary Public, State of Hawaii  
Susan C. Kungalds  
(Print name)

My commission expires: March 9, 2000

W

STATE OF HAWAII )  
 ) SS.  
COUNTY OF MAUI )

On this 19th day of January, 1999, before me personally appeared Louise Ann Montalvo, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacities shown, having been duly authorized to execute such instrument in such capacities.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Susan C. Kungalds  
Notary Public, State of Hawaii  
Susan C. Kungalds  
(Print name)

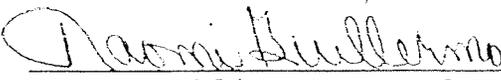
My commission expires: March 9, 2000

W

STATE OF HAWAII        )  
                                  )  SS.  
COUNTY OF MAUI        )

On this 17th day of February, 1999, before me personally appeared CHARLES JENCKS, to me personally known, who being by me duly sworn, did say that he is the Director of Public Works and Waste Management of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Title 18 of the Maui County Code, the Subdivision Ordinance, and the said CHARLES JENCKS acknowledged the said instrument to be the free act and deed of the said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
\_\_\_\_\_  
Notary Public, State of Hawaii  
Naomi Guillermo  
(Print Name)  
My commission expires: 7/21/01 *LS*

AFFIDAVIT OF KELTON JAMES MONTALVO

Louise Ann Montalvo, being first duly sworn upon oath, deposes and says:

1. I am the owner of real property (hereinafter "Property"), situated at West Kuiaha, Island of Maui, Tax Map Key No. 2-2-7-12-227.

2. The Property is situated within the State agricultural district and as such allows only the uses permitted in Section 205-4.5 and 205-2, Hawaii Revised Statutes, and Chapter 19.30, Maui County Code.

3. I have 2 acres in production raising bananas, pigs, cattle, horses as my agricultural activity.  
Dogs, cats

4. I estimate my labor requirement for the above agricultural activity to be 30 hours per week, broken down as follows: 2 hrs a day feeding - 2 hrs a day cleaning pastures and fixing fence and grooming banana trees  
2 hrs additional extra.

5. I intend to construct the following structure upon the Property: 2nd farm dwelling

6. The structure I intend to build is necessary to further the permitted uses I conduct on my Property because I need further assistance to maintain and keep my farm active; and

FURTHER AFFIANT SAYETH NAUGHT.

Kelton James Montalvo  
KELTON JAMES MONTALVO

Louise Ann Montalvo  
(Print Name)

Louise Ann Montalvo

Subscribed and sworn to before me this 19th day of January, 1995

Susan C. Karpel  
Notary Public, State of Hawaii  
Susan C. KARPALLO

(Print Name)  
My commission expires: March 9, 1999

EXHIBIT D

ESTIMATED ANNUAL MAINTENANCE FEES AND  
MONTHLY ESTIMATE FOR EACH UNIT

Condominium Association's Estimate of Common Annual Maintenance Fees:

Maintenance of Common Driveway	\$360.00
Miscellaneous (separate water flow meter, etc.)	\$180.00
Total	\$540.00

Monthly Estimate for Each Unit:

Unit 1	\$ 22.50
Unit 2	\$ 22.50
Total	\$540.00

Developer's Statement:

The Developers hereby state that the owners of each Unit shall become obligated to start paying the owner's share of the above-noted common expenses, which have been prepared based on generally accepted accounting principles, from and after the later of: (a) the date of recordation of the Declaration of Condominium Property Regime and the Bylaws of the Association of Residence Owners of Montalvo-Reed, or (b) if pending and active, the date the State of Hawaii Real Estate Commission approves the Developer's Application for Approval of a Public Report for Montalvo-Reed.

EXHIBIT E

VERIFIED STATEMENTS FROM COUNTY OFFICIALS DATED  
SEPTEMBER 12, 2006 AND JANUARY 3, 2007

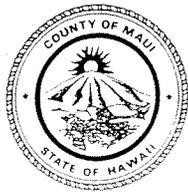
Attached are the following verified statements from County of Maui officials:

1. Letter, dated September 12, 2006, from Ralph M. Nagamine, Development Services Administrator, County of Maui Department of Public Works and Environmental Management, plus enclosed letter dated September 20, 2005; and
2. Letter, dated January 3, 2007, from Jeffrey S. Hunt, Planning Director, County of Maui Department of Planning, plus enclosed letter dated December 28, 2006.

ALAN M. ARAKAWA  
Mayor

MILTON M. ARAKAWA, A.I.C.P.  
Director

MICHAEL M. MIYAMOTO  
Deputy Director



RALPH M. NAGAMINE, L.S., P.E.  
Development Services Administration

DAVID TAYLOR, P.E.  
Wastewater Reclamation Division

CARY YAMASHITA, P.E.  
Engineering Division

BRIAN HASHIRO, P.E.  
Highways Division

TRACY TAKAMINE, P.E.  
Solid Waste Division

COUNTY OF MAUI  
DEPARTMENT OF PUBLIC WORKS  
AND ENVIRONMENTAL MANAGEMENT  
**DEVELOPMENT SERVICES ADMINISTRATION**  
250 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

September 12, 2006

Mr. Richard M. Matthews  
216 Hoopaiua Drive  
Makawao, Hawaii 96768

SUBJECT: 1324 WEST KUIAHA ROAD, HAIKU, MAUI, HAWAII  
TMK (2) 2-7-012:227  
Conversion to Condominium Property Regime

Dear Mr. Matthews:

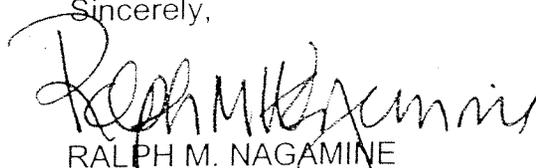
This is in response to your August 23, 2006, letter regarding the subject property.

Building, electrical, and plumbing inspection results of the premises were made to Mr. Kelton Montalvo on September 20, 2005 (copy of letter enclosed). We have no additional comments to offer.

Please contact the Planning Department at 270-7735 to verify if there are any variances, or if the existing or proposed uses, if any, are legally permitted.

If you have any questions regarding this letter, please contact Sharon Norrod at 270-7250.

Sincerely,

  
RALPH M. NAGAMINE  
Development Services Administrator

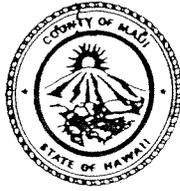
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ALAN M. ARAKAWA  
Mayor

HILTON M. ARAKAWA, A.I.C.P.  
Director

MICHAEL M. MIYAMOTO  
Deputy Director



COUNTY OF MAUI  
DEPARTMENT OF PUBLIC WORKS  
AND ENVIRONMENTAL MANAGEMENT  
**DEVELOPMENT SERVICES ADMINISTRATION**  
250 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

RALPH M. NAGAMINE, L.S., P.E.  
Development Services Administration

TRACY TAKAMINE, P.E.  
Wastewater Reclamation Division

CARY YAMASHITA, P.E.  
Engineering Division

BRIAN HASHIRO, P.E.  
Highways Division

Solid Waste Division

September 20, 2005

RECORDED

Mr. Keiton Montaivo  
1324 W. Kuiaha Road  
Haiku, Hawaii 96708

SUBJECT: MISCELLANEOUS INSPECTION #2005/0068 and #2005/0069  
FOR TWO FARM DWELLINGS  
LOCATED AT 1324 W. KUIAHA ROAD, HAIKU, MAUI  
TMK: (2) 2-7-012:227

Dear Mr. Montaivo:

This is regarding your May 5, 2005, request for miscellaneous inspections on two farm dwellings for a preliminary condominium public report on the subject property.

**MISC #2005/0068 - 2<sup>ND</sup> FARM DWELLING**

- We made a electrical inspection on May 9, 2005, a plumbing inspection on May 20, 2005, and a building re-inspection on August 1, 2005, and found the premises to be in general compliance with applicable codes.

**MISC #2005/0069 - 1<sup>ST</sup> FARM DWELLING**

- We made a plumbing inspection on May 20, 2005, a building re-inspection on June 6, 2005, and a electrical re-inspection on September 16, 2005, and found the premises to be in general compliance with applicable codes.

**OTHER COMMENTS:**

- We inspected the driveway and found it to be satisfactory with no drainage problems at this time.
- There are no further or pending subdivisions on record for the subject tax map key.

September 20, 2005

Mr. Kelton Montalvo

SUBJECT: MISCELLANEOUS INSPECTION #2005/0068 and #2005/0069  
FOR TWO FARM DWELLINGS  
LOCATED AT 1324 W. KUIAHA ROAD, HAIKU, MAUI  
TMK: (2) 2-7-012:227

Page 2 of 2

- There are no pending building and code appeals, or administrative waivers currently in process for the premises.

Please contact the Planning Department at 270-7735 regarding variances, or whether planning and zoning requirements have been met.

If you have any questions regarding this letter, please call Darlyn Atay at 270-7250.

Sincerely,



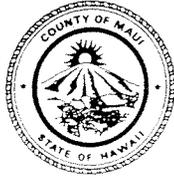
RALPH M. NAGAMINE  
Development Service Administrator

da

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c: Hawaii Real Estate Commission  
Planning Department

CHARMAINE TAVARES  
Mayor  
JEFFREY S. HUNT  
Director  
COLLEEN M. SUYAMA  
Deputy Director



COUNTY OF MAUI  
**DEPARTMENT OF PLANNING**

January 3, 2007

Richard M. Matthews  
Attorney at Law  
216 Hoopalua Drive  
Makawao, Hawaii 96768-8220

Dear Mr. Matthews:

Re: CONVERSION OF CONDOMINIUM PROPERTY REGIME FOR AN  
AGRICULTURAL ZONED PROPERTY AT TMK (2) 2-7-012:227

An error was discovered on comment no. 3 of our December 28, 2006 letter. Comment no. 3 has been amended in its entirety as follows:

"3. Apartment B has been designated as the lawfully existing nonconforming structure and cannot be further expanded."

If you have any questions regarding this letter, please contact Francis Cerizo, Staff Planner at 270-7771 or by email at [Francis.Cerizo@co.maui.hi.us](mailto:Francis.Cerizo@co.maui.hi.us).

Sincerely,

A handwritten signature in black ink that reads "Jeffrey S. Hunt".

JEFFREY S. HUNT  
Planning Director

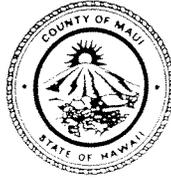
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enclosure

xc: Real Estate Commission, State Department of Commerce and Consumer Affairs  
Trisha Kapuaala, Staff Planner  
Project TMK File  
06/General File  
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ALAN M. ARAKAWA  
Mayor

MICHAEL W. FOLEY  
Director

DON COUCH  
Deputy Director



COUNTY OF MAUI  
**DEPARTMENT OF PLANNING**

December 28, 2006

Richard M. Matthews  
Attorney at Law  
216 Hoopalua Drive  
Makawao, Hawaii 96768-8220

Dear Mr. Matthews:

Re: CONVERSION OF CONDOMINIUM PROPERTY REGIME FOR AN  
AGRICULTURAL ZONED PROPERTY AT TMK (2) 2-7-012:227

Thank you for your letter of December 8, 2006.

We have further reviewed your application and offer you the following comments:

1. The Notice of Warning that we issued on August 23, 2006 to the owners has been resolved.
2. All structures are currently in compliance with the zoning code.
3. Apartment A has been designated as the lawfully existing nonconforming structure and cannot be further expanded.

If you have any questions regarding this letter, please contact Francis Cerizo, Staff Planner at 270-7771 or by email at [Francis.Cerizo@co.maui.hi.us](mailto:Francis.Cerizo@co.maui.hi.us).

Sincerely,

A handwritten signature in black ink, appearing to read "M.W. Foley".

MICHAEL W. FOLEY  
Planning Director

Richard M. Matthews  
December 28, 2006  
Page 2

MWF:AHS:FAC:gan  
enclosure

xc: Real Estate Commission, State Department of Commerce and Consumer Affairs  
Trisha Kapuaala, Staff Planner  
Project TMK File  
06/General File  
K:\WP\_DOCS\PLANNING\Condominium\2006\2144\_MontalvoCondo2.wpd

## EXHIBIT F

### SUMMARY OF SPECIMEN SALES CONTRACT

It is expected that any sales contract for a Unit would be negotiated between the parties based on the Deposit Receipt Offer and Acceptance ("DROA") Hawaii Association of Realtors Standard Form, the pertinent provisions of which may be summarized as follows:

1. Purchase price to be paid into escrow before closing. Purchase price may be financed.
2. Seller's mortgage(s) to be satisfied in full through escrow before closing and disbursement of funds from escrow.
3. Sale to include all built-in furniture and appliances, attached fixtures and carpeting, water heater, electrical and/or gas and plumbing fixtures, and additional indicated appliances and items.
4. Closing costs, taxes and any other assessments to be pro-rated as indicated in the sales contract.
5. Seller's remedies for a breach of the sales contract by Purchaser to include: (a) damages for breach of contract, or (b) retention of Purchaser's deposit(s) as liquidated damages.
6. Purchaser's remedies for a breach of the sales contract by Seller to include: (a) damages for breach of contract, or (b) an action to compel Seller to perform as specified under the sales contract.

## EXHIBIT G

### SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

Developers and Title Guaranty Escrow Services, Inc. have entered into a Condominium Escrow Agreement, the pertinent terms of which may be summarized as follows:

1. Seller to deposit into escrow all funds received by Seller from Purchaser under the sales contract for a Unit.
2. Interest on funds deposited in escrow to accrue to Purchaser or Seller as specified in the sales contract.
3. No disbursements from escrow until the Real Estate Commission shall have issued an effective date for the Final Public Report on the project and Purchaser shall have been given a copy of the Final Report.
4. Purchaser is entitled to a return from escrow of Purchaser's funds if the sales contract is properly cancelled or rescinded.

EXHIBIT H  
ARCHITECT'S REPORT

Attached hereto and incorporated herein is the Architect's Report, dated March 3, 2006.

# Rick McGovern A.I.A.

Architect

P.O.Box 355

Kihei, Hi., 96753

264-3909

fax 874-3954

mcgovernrc@hawaii.rr.com

03-03-06

To: Richard Matthews  
Re: 1324 W. Kuiaha Road  
Condominium Conversion Report

Description of Structural, Mechanical and Electrical Components

## Condo Unit #1

### 2 Buildings

- ~Gym- 832 s.f.
- ~Main House- 2628 s.f. (Includes garage @ 500 s.f.)
- ~Upper Lanai- 1040 s.f.
- ~Lower Lanai- 168 s.f.

### Gym

#### Single Story Building:

- ~Structural system consists of concrete slab on grade with thickened edge footings.
- ~Walls are 2x4's at 24" o.c. with T-111 siding and 1x4 trim
- ~Roof structure has 4x8's at 4'-0" o.c. and 4x12's at corners. 2x6 T&G decking spans across 4x beams. The roofing is Asphalt shingles. The pitch is  $\pm 6/12$  and there is a 3'-0" overhang.
- ~An 18'x12' loft has been recently added. It has a 4x12 beam spanning 18' with 2x10's at 16" o.c. running 12'.
- ~There is no mechanical or plumbing in this building.
- ~There is a 200 amp electrical panel mounted on the exterior of the building. This panel serves both the Gym and Main House.
- ~All structural and electrical systems are currently in good shape.

## Main House

### 2 Story Building:

- ~Structural system consists of concrete slab on grade with thickened edge footings.
- ~Walls are 2x4's at 24" o.c. with T-111 siding and ½" G.W.B. on both floors.
- ~Floor system is unknown. Gypsum wall board is covering the bottom side of the floor joists and carpet or tile is covering the top side of the floor system. Based on the condition of the rest of the house it would appear to be supporting the required loads since there are no cracks in the finished materials.
- ~The upper floor deck consists of 2x8's at 16" o.c. with 2x6 decking. A 6x12 beam supports the outside edge of the deck and 6x6 posts on pier blocks support the beam at 12' o.c.

The deck boards are showing signs of rot and should be replaced. The wood railing is also deteriorating and should be replaced.

- ~The roof structure has 2x10 rafters at 24" o.c. with plywood and Asphalt shingles. There are 4x12 corner beams. The pitch is  $\pm 6/12$  and there is a 3'-0" overhang. Gypsum wall board covers the ceiling.

- ~There is no air conditioning in this building.
- ~Plumbing fixtures are currently being changed and are in good condition
- ~The electrical system is a 200 amp panel mounted on the Gym.
- ~All structural, plumbing and electrical systems are currently in good shape except the deck and railing mentioned above.

## Condo Unit #2

### 1 Building

- ~House- 2173s.f.
- ~Garage- 550s.f.
- ~Lanai- 1423s.f.

### Single Story Building:

- ~Garage has slab on grade with thickened edge footings.
- ~Main house has spread footings around perimeter with spot footings in center. Foundation walls are 8" C.M.U.
- ~Floor framing consists of post and pier with beams and 2x12's at 16" o.c. with plywood.
- ~A wood deck on 3 sides of the house has concrete pier blocks with 6x6 posts at 10' o.c., 4x12 beams, 2x12's at 16" o.c. and plywood.
- ~Walls are 2x4's at 24" o.c. with T-111 siding and G.W.B. on interior.
- ~Roof system is Scissor and regular trusses at 24" o.c. with plywood and Asphalt shingles. The pitch is  $\pm 6/12$  and has 3'-0" overhang. The trusses have G.W.B. for interior finish.
- ~There is no air conditioning in this building.
- ~All plumbing fixtures are in good shape.
- ~There is a 200 amp electrical panel in the garage.

~All structural, plumbing and electrical systems are currently in good shape.

End of Report

A handwritten signature in black ink, appearing to read "Rick McGovern". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rick McGovern A.I.A.