

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

CONDOMINIUM PROJECT NAME	ATMOS CONDOMINIUM
Project Address	250 Awalau Road, Haiku, Hawaii 96708
Registration Number	6340 (conversion)
Effective Date of Report	July 9, 2007
Developer(s)	Lisa Mary Schlichting, unmarried

Preparation of this report

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

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

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

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, 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.

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

SPECIAL ATTENTION

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

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

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

There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property. Unit A is an existing farm dwelling, and Unit B is an existing farm dwelling.

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING. EACH BUYER IS ALSO ADVISED TO CONTACT THE APPROPRIATE GOVERNMENT AGENCIES TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY, AND TO CONSULT WITH AN ATTORNEY AND OTHER APPROPRIATE PROFESSIONALS.

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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	Fee Owner is Developer	
Address of Project	250 Awalau Road, Haiku, Hawaii 96708	
Address of Project is expected to change because	One unit will retain the number 250 and the other unit will receive a new number as its address.	
Tax Map Key (TMK)	(2nd) 2-7-014-066	
Tax Map Key is expected to change because	N/A	
Land Area	2.000 acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Developer is Fee Owner	

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	1, however Unit B has a raised floor
Number of New Building(s)	0
Number of Converted Building(s)	2
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Unit A: Wood, glass and related material Unit B: Concrete, wood, glass and related material

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
A	1	2/2	1891 s.f.	164/665 s.f.	lanai/garage	2720 s.f.
B	1	2/1	794 s.f.	0	N/A	794 s.f.
See Exhibit A.						

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	5*
Number of Guest Stalls in the Project:	0*
Number of Parking Stalls Assigned to Each Unit:	Unit A: 2*, Unit B: 3*
Attach Exhibit <u>N/A</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. *Unit A has a two-car garage and the occupants of Unit B may park up to three cars beneath the building in an open parking area. Also, each unit will have the right to park in the Limited Common Element appurtenant to said unit, including guests.	

1.5 Boundaries of the Units

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

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): Each unit may be expanded, relocated and altered in owner's discretion (except as limited by law or the Declaration). The owner may unilaterally amend the Declaration to redefine the unit to conform the unit boundaries as altered, expanded or relocated

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u>F</u> .
As follows:

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 checked="" type="checkbox"/>	Other (describe): Common Driveway, shared water meter & waterlines, shared electrical utilities.

1.9 Common Elements

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

Described in Exhibit A ____ .
 Described as follows:

Common Element	Number
Elevators	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 A ____ .
 Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Described on the following page 5a.
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit B describes the encumbrances against title contained in the title report described below.

Date of the title report: May 3, 2007

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

CONTINUATION OF P.5, SECTION 1.11, "Other":

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

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 (Farm Dwellings)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Agriculture
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.		N/A			

1.14 Other Zoning Compliance Matters

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

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

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>N/A</p>

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: Unit "A" is more than five years old. Based on a report on Unit "A" by Don Pearce, which report was certified by Nicholas T. Wagner a licensed Hawaii Architect, the Declarant states as follows: All of the structural components and mechanical and electrical installations material to the use and enjoyment of the project appear to be in good condition.</p>	
<p>Developer's statement of the expected useful life of each item reported above: The Declarant hereby states that no representations are made with respect to the useful life of any structural component or mechanical or electrical installations material to the use and enjoyment of Unit "A" of Atmos Condominium.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: N/A</p>	
<p>Estimated cost of curing any violations described above: N/A</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>G</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"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information: None.</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p> <p>Reference is made to Page 1a, 18 and 18a of this Public Report.</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p> <p>None.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer</p>	<p>Name: Lisa Mary Schlichting Business Address: 250 Awalau Road, Haiku, HI 96708</p> <p>Business Phone Number: (808) 281-1729 E-mail Address: N/A</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>None.</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Karen L. Harrison Business Address: 81-6641 Mamalahoa Highway, Suite 1 Kealahou, Hawaii 96750</p> <p>Business Phone Number: (808) 328-2513 E-mail Address: KonaKaren@gmail.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 120 Hana Highway, Suite 4 Paia, Hawaii 96779</p> <p>Business Phone Number: (808) 579-8671</p>
<p>2.4 General Contractor</p>	<p>Name: N/A Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: None, Self-Managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Mancini, Welch and Geiger LLP (Thomas D. Welch, Jr.) Business Address: 33 Lono Avenue, Suite 470 Kahului, Hawaii 96732</p> <p>Business Phone Number: (808) 871-8351</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 17, 2007	2007-078849

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

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 17, 2007	2007-078850

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

3.3 Condominium Map

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

Land Court Map Number	
Bureau of Conveyances Map Number	4440
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

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

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>The Developer reserves the right to modify the Declaration, By-Laws, Condominium Property Regime Map, and other documents, and a Buyer will authorize the Developer to make and a Buyer will specifically approve, all changes to said documents and the Project:</p> <p>(a) as may be required by law, any title insurance company, any institutional lender, or any governmental agency; or</p> <p>(b) prior to conveyance of the first unit, as the Developer deems necessary; provided that no such modification shall, without the Buyer's consent:</p> <ul style="list-style-type: none"> (i) materially impair the prospective use and enjoyment of the Unit; (ii) materially reduce the size of the limited common area appurtenant to the Unit; (iii) render unenforceable a Buyer's mortgage lien commitment; (iv) increase the Buyer's share of common expenses; or (v) reduce the obligations of the Developer for common expenses on unsold units.

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p><u>Management of the Common Elements:</u> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

<p><u>Estimate of the Initial Maintenance Fees:</u> The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>
<p>Exhibit C contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>D</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: April 16, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Reference is made to item #18 of Exhibit "B" attached hereto, for a description of the lien on title.	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fees. All mortgage liens will be paid in full out of the proceeds of the sale of the first unit and the units will be released from the liens at that time.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: None
Appliances: None

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

Status of Construction: Unit A was built in 1994, Unit B was built in 2004.
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: N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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

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

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

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

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1. **Developer's Public Report**
2. **Declaration of Condominium Property Regime (and any amendments)**
3. **Bylaws of the Association of Unit Owners (and any amendments)**
4. **Condominium Map (and any amendments)**
5. House Rules, if any
6. Escrow Agreement
7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8. Other:
Reference is made to Exhibit "B" for a specific list of encumbrances affecting this property.

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

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

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

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

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

2. Water. The condominium is served by a single water meter and water use for both units will be billed to the Association of Unit Owners by the County of Maui Department of Water Supply in a single bill. The Association is responsible for paying said charges and will allocate them among the unit owners as common expense assessments. The method of allocation shall be by individual use meters ("submeters") apportioning the County's billings between both units by proportionate metered water usage.

The County of Maui Department of Water Supply has adopted a policy to require that each unit in a condominium have its separate water meter. This condominium has only one meter, which is shared. This sharing may be in violation of these rules. Due to the current shortage of water in the Department's upcountry water system, it may not be possible to obtain a second meter for this property. WATER SERVICE IS NOW BEING PROVIDED TO BOTH UNITS AND DEVELOPER KNOWS OF NO INSTANCE WHERE THE WATER DEPARTMENT HAS TERMINATED WATER SERVICE TO A CONDOMINIUM UPON CONVERSION. HOWEVER BUYER IS CAUTIONED THAT BUYER MAY BE REQUIRED TO OBTAIN AN ADDITIONAL METER AS A CONDITION TO THE BUYER'S USE, EXPANSION OR CONSTRUCTION OF BUYER'S UNIT, OR THE ISSUANCE OF A BUILDING PERMIT FOR ANY PURPOSE. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL OR CONTACT THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

3. Septic Waste Disposal System. County sewer service is not available. The owner of each unit shall be responsible for the cost of maintaining, operating and/or replacing said unit's system, which approximate locations are shown on the Condominium Map. This may include upgrading the system as required by the proper governmental agency from time to time. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of said system.

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

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

6. Zoning Limitations. Under the current zoning ordinance, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1,000 square feet or less are permitted, and no other dwellings. Unit B was designated as the unit which is subject to the 1,000 square feet limitation, and may not be expanded beyond this limitation, and Unit A was designated as the full size farm dwelling. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.

7. Mailboxes. Each unit has its own separate mailbox.

8. Special Management Area. The subject property is not within the Special Management Area.

9. Zoning Designation. Developer certifies that the property is zoned agriculture by the County of Maui.

10. Insurance. The owner(s) of each unit shall obtain his, her or their own insurance to cover fire and casualty loss. Also each unit should be separately insured against liability risks, and each policy should name the owner(s) of the other unit as a named or additional insured. The Common Element Driveway should also be included in the liability coverage of one of the units or separately insured by a joint policy as a shared common expense.

11. Shared Roadway Lots. The common elements of the condominium include an undivided 50% ownership interest in Lot 2-D and a road widening lot, the location of which Lot 2-D is shown on the Condominium Site Map, and which provide driveway and utility access to the condominium. The location of the road widening lot is not shown on the Site Map, but it is located between Lot 2-D and the public road (Awalau Road). The other owner is the owner of Lot 2-A, which abuts the condominium land on the southwest. Neither the condominium land nor Lot 2-A has a recorded easement for access and utilities across said Lot 2-D and the road widening lot. While Hawaii law gives each co-owner the right to use the co-owned land for reasonable uses (consistent with use by the other co-owner), if the 50% ownership of Lot 2-D or the road widening lot should be separated from the ownership of the condominium units there is a risk that the condominium may be left without a legal right of access or utilities between the condominium and the public road. (Note that currently this is the only legal vehicular access to the condominium land). Buyers are urged to consult with legal counsel concerning this problem and to take necessary steps to make sure that title to Lot 2-D and the road widening lot will always be conveyed with each unit in the future.

Also, there is a further road widening lot, which abuts the street frontage of the condominium land. This is co-owned 50% with the owner of Lot 2-A. This lot is not, however, used for access or utilities serving the condominium land.

In the future, the County of Maui may require the owners of the condominium units and Lot 2-A to clear, improve and convey the road widening lots to the County of Maui as required by the Agreements for Subdivision Approval, recorded as Liber 23507, Page 188 and Document No. 91-181031, noted as items 8 and 11, respectively, on Exhibit "B" to this Public Report.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING. EACH BUYER IS ALSO ADVISED TO CONTACT THE APPROPRIATE GOVERNMENT AGENCIES TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY, AND TO CONSULT WITH AN ATTORNEY AND OTHER APPROPRIATE PROFESSIONALS.

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

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

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report 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.

Lisa Mary Schlichting
Printed Name of Developer

By: Lisa M. Schlichting 5/24/2007
Duly Authorized Signatory* Date

Lisa Mary Schlichting, Owner/Developer
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

ATMOS CONDOMINIUM

DESCRIPTION OF BUILDINGS:

The condominium consists of two (2) separate units, each of which is a farm dwelling. Each unit is located on that portion of the land defined on the Condominium Map as a limited common element appurtenant to and for the exclusive use of said unit. Unit "A" is constructed primarily of wood, glass and related materials and Unit "B" is constructed primarily of concrete, wood, glass and related material. Upon expansion, relocation, construction or reconstruction of any unit by any owner(s) thereof as provided in the Declaration, the modified or new building containing any unit may be constructed of any other building material meeting applicable building codes, including but not limited to concrete, masonry, plaster, wood, glass or related materials.

DESCRIPTION OF UNITS:

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

Unit "A" is a one-story farm dwelling, containing 1891 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, living room, dining room, two walk-in closets, a lanai including 164 square feet of area and an attached garage containing 665 square feet of area.

Unit "B" is a raised one-story farm dwelling, containing 794 square feet of net living area, and includes two bedrooms, one bathroom, a kitchen, and studio area. Currently the space beneath the dwelling is being used for parking, which area can accommodate three vehicles of average size.

Each unit has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to the Common Element Driveway, which provides access to a private roadway (Lot 2-D), which provides access to a road widening lot (Lot 5-A), which provides access to a public road (Awalau Road).

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

LOCATION, RELOCATION, AND NUMBERING OF UNITS:

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

APPROXIMATE FLOOR AREA OF UNITS:

<u>Unit</u>	<u>Floor Area</u>
A	1891 square feet of net living area 164 square feet of lanai area 665 square feet of garage area
B	794 square feet of net living area 167 square feet of lanai area

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

COMMON ELEMENTS:

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

- (a) The Property in fee simple;
- (b) The Common Element Driveway, as shown on the Condominium Map;
- (c) The shared water meter provided to the Property by the Department of Water Supply;
- (d) Any shared water line(s) and appurtenances;
- (e) Any shared electrical, phone and cable television lines, conduit and appurtenances;
- (f) An undivided one-half (1/2) interest in Lot 2-D (Private Roadway), subject to easements and rights of others to use said Roadway, as more fully described in Limited Warranty Deed dated December 8, 1998 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 98-185111;

- (g) An undivided one-half (1/2) interest in Lot 5-A (Future Roadway Widening Lot), subject to easements and rights of others to use said Lot, as more fully described in Limited Warranty Deed dated December 8, 1998 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 98-185111;
- (h) An undivided one-half (1/2) interest in Lot 5-B (Future Roadway Widening Lot), subject to easements and rights of others to use said Lot, as more fully described in Limited Warranty Deed dated December 8, 1998 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 98-185111;
- (i) The limited common elements described below; and
- (j) The common elements shall also include any other utility installations serving more than one unit.

LIMITED COMMON ELEMENTS:

Each unit has appurtenant to it and for its exclusive use the land described in the condominium map as appurtenant thereto. The map describes these areas as "Limited Common Element A-1 and A-2" appurtenant to Unit A and "Limited Common Element B" appurtenant to Unit B. Each area is appurtenant to and for the exclusive use of its unit and which is physically located on said limited common element as shown on the condominium map. Each limited common element includes the land located underneath the unit located thereon.

EXHIBIT B

Encumbrances against Title

1. Real Property Taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Rights of Native tenants as reserved in Royal Patent Grant No. 771.
4. The terms and provisions contained in the following:

INSTRUMENT : RESTRICTION AGREEMENT

DATED : November 4, 1985

RECORDED : Liber 19070 Page 307

PARTIES : HO'OKULEANA CORPORATION,
 "Subdivider", and the COUNTY OF
 MAUI and its DEPARTMENT OF WATER SUPPLY,
 "County"

(In this Agreement the Department of Water Supply agreed to approve a subdivision prior to water system upgrades being completed by the Department, which improvements would eventually serve the subject property in an effort to create more adequate water pressure and fire protection.)*

5. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT

DATED : August 11, 1986

RECORDED : Liber 19792 Page 795

PARTIES : HO'OKULEANA CORPORATION, "Subdivider", and
 the COUNTY OF MAUI and its DEPARTMENT OF
 WATER SUPPLY, "County"

(In this Agreement the County of Maui allowed the subdivider to defer road-widening improvements until a later date, to be determined by the County, because the subdivision consisted of three or fewer lots)*

6. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION ELEVATION AGREEMENT
DATED : September 26, 1986
RECORDED : Liber 19922 Page 502
PARTIES : HO'OKULEANA CORPORATION, "Subdivider", and
the COUNTY OF MAUI and its DEPARTMENT OF
WATER SUPPLY, "County"

(In this Agreement the Department of Water Supply agreed to approve a subdivision with a condition that all future owners of each new lot would install the necessary water tank(s), pump(s) and appurtenances necessary to create adequate water pressure in the event the Department was unable to due to the high elevation of the lots.)*

7. The terms and provisions contained in the following:

INSTRUMENT : FARM DWELLING AGREEMENT
DATED : September 30, 1986
RECORDED : Liber 19965 Page 557
PARTIES : HO'OKULEANA CORPORATION, a Hawaii
corporation, "Applicant", and the COUNTY OF
MAUI, through its Department of Public
Works, "Department"

(This Agreement specifies that all future dwellings shall be constructed and occupied as "Farm Dwellings".)*

8. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT FOR SUBDIVISION APPROVAL (WITH
REQUIREMENT FOR FUTURE DEDICATION)
DATED : August 2, 1989
RECORDED : Liber 23507 Page 188
PARTIES : AWALAU, a California limited partnership,
"Subdivider", AWALAU, a California limited
partnership, "Owner", and the COUNTY OF
MAUI, through its DEPARTMENT OF PUBLIC
WORKS, and/or its DEPARTMENT OF WATER
SUPPLY, "County"

(In this agreement the County of Maui allowed the subdivider to defer road-widening improvements along the county road until a later date, to be determined by the County of Maui. Also, the owner(s) of the roadway lots shall insure said roadway lots against personal injury and property damage and name the County of Maui as an additional insured until said roadway lots are conveyed to the County.)*

9. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT (AGRICULTURAL USE)
DATED : October 5, 1990
RECORDED : Document No. 91-070877
PARTIES : AWALAU, a California limited partnership,
"Owner", COUNTY OF MAUI, through its
DEPARTMENT OF PUBLIC WORKS, and/or its
DEPARTMENT OF WATER SUPPLY, "Department"

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

10. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT (THREE LOTS OR LESS)
DATED : September 30, 1991
RECORDED : Document No. 91-145761
PARTIES : AWALAU, a California limited partnership,
"Owner", COUNTY OF MAUI, "County"

(In this Agreement the County of Maui allowed the subdivider to defer road-widening improvements until a later date, to be determined by the County, because the subdivision consisted of three or fewer lots.)*

11. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT FOR SUBDIVISION APPROVAL (WITH
 REQUIREMENT FOR FUTURE DEDICATION

DATED : October 1, 1990

RECORDED : Document No. 91-181031

PARTIES : AWALAU, a California limited partnership,
 "Subdivider", AWALAU, a California limited
 partnership, "Owner", and the COUNTY OF
 MAUI, through its DEPARTMENT OF PUBLIC
 WORKS, and/or its DEPARTMENT OF WATER
 SUPPLY, "County"

(In this agreement the County of Maui allowed the subdivider to defer road-widening improvements along the county road until a later date, to be determined by the County of Maui. Also, the owner(s) of the roadway lots shall insure said roadway lots against personal injury and property damage and name the County of Maui as an additional insured until said roadway lots are conveyed to the County.)*

12. No vehicular access permitted along the easterly boundary of Lot 2-B, as shown on survey map of Albert Saiki, Registered Professional Surveyor with R. T. Tanaka Engineers, Inc.

(Access is restricted along the boundary of the condominium land that borders the county road (Awalau Road). Access to the condominium land is across Lot 2-D as shown on the Condominium Map.)*

13. -AS TO PARCEL SECOND:-

Portion of Easement 2-D, more particularly described in Exhibit "A" attached hereto and by reference made a part hereof, for electrical and telephone line purposes affecting all of Lot 2-D in favor of Maui Electric Company, Ltd., and GTE Hawaiian Telephone Company, Incorporated, as granted by EASEMENT dated December 26, 1991, recorded as Document No. 92-033884.

(This electrical and telephone easement creates, among other things, restrictions against building in the easement area by the grantor of the easement.)*

14. -AS TO PARCEL THIRD:-

- (A) Portion of Easement 2-D, more particularly described in Exhibit "A" attached hereto and by reference made a part hereof, for electrical and telephone line purposes affecting all of Lot 5-A in favor of Maui Electric Company, Ltd., and GTE Hawaiian Telephone Company, Incorporated, as granted by EASEMENT dated December 26, 1991, recorded as Document No. 92-033884.

(This electrical and telephone easement creates, among other things, restrictions against building in the easement area by the grantor of the easement.)*

- (B) Portion of Existing Easement 3 (5.00 feet wide), more particularly described in Exhibit "B" attached hereto and by reference made a part hereof, for waterline purposes affecting a portion of Lot 5-A in favor of the Board of Water Supply of the County of Maui, as granted by EASEMENT AGREEMENT dated May 2, 1989, recorded in Liber 23310 at Page 722.

(This waterline easement creates, among other things, restrictions against building in the easement area by the grantor of the easement.)*

15. -AS TO LOT 5-B (FUTURE ROADWAY WIDENING LOT):-

Portion of Existing Easement 3 (5.00 feet wide), more particularly described in Exhibit "B" attached hereto and by reference made a part hereof, for waterline purposes affecting a portion of Lot 5-A in favor of the Board of Water Supply of the County of Maui, as granted by EASEMENT AGREEMENT dated May 2, 1989, recorded in Liber 23310 at Page 722.

(This waterline easement creates, among other things, restrictions against building in the easement area by the grantor of the easement.)*

16. -AS TO PARCELS SECOND AND THIRD:-

Rights of others who own undivided interest(s) in the land described in Schedule C.

(The neighboring Lot 2-A owns an undivided fifty percent interest in said Parcels Second and Third.)*

17. The terms and provisions contained in the following:

INSTRUMENT : HOLD-HARMLESS AGREEMENT
DATED : --- (acknowledged October 15, 2002)
RECORDED : Document No. 2002-194565
PARTIES : COUNTY OF MAUI, and LISA M.
SCHLICHTING
RE : sight distance of the driveway

(This Agreement permitted a driveway to access the county road in a location that does not provide adequate sight distance, on the condition that all future owners of the Property indemnify the County from all future liability resulting from said location.)*

18. MORTGAGE

LOAN/ACCOUNT NO. 110890681

MORTGAGOR : LISA MARY SCHLICHTING, unmarried
MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS,
INC., solely as a nominee for NORTH AMERICAN
SAVINGS BANK, F.S.B., a Missouri corporation
DATED : May 16, 2006
RECORDED : Document No. 2006-096084
AMOUNT : \$370,000.00

(This mortgage will be released prior to the first conveyance of a unit in the Project.)*

19. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR "ATMOS CONDOMINIUM" CONDOMINIUM PROJECT
DATED : April 17, 2007
RECORDED : Document No. 2007-078849
MAP : 4440 and any amendments thereto

20. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF
APARTMENT OWNERS

DATED : April 17, 2007

RECORDED : Document No. 2007-078850

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

EXHIBIT C

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

Estimate of Initial Maintenance Fees:

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

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

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee x 12 months = Yearly Total</u>
Utilities and Services	
Air Conditioning	
Electricity	
[] common elements only	
[] common elements and units	
Elevator	
Gas	
[] common elements only	
[] common elements and units	
Refuse Collection	
Telephone	
Water(†)	\$50.00/month x 12 months = \$600.00
Maintenance, Repairs and Supplies	
Building	
Grounds	
Water lines	\$5.00/month x 12 months = \$60.00
Common Element Driveway	\$5.00/month x 12 months = \$60.00
Management	
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance	
Liability Insurance premiums for Common Element Driveway	\$100.00/month x 12 months = \$1200.00
Reserves(*)	
Replacement of common water lines	\$5.00/month x 12 months = \$60.00
Replacement of driveway within Common Element Driveway	\$10.00/month x 12 months = \$120.00
Taxes and Government Assessments	
Audit Fees	\$10.00/month x 12 months = \$120.00
Other	
TOTAL	\$185.00/month x 12 months = \$2220.00

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


LISA MARY SCHLICHTING (Signature)

MAY 24, 2007
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514B-148, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

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

(†) Water use will be metered and billed based on actual amounts used by each unit.

ATTACHMENT 1 TO ESTIMATE OF
MAINTENANCE FEE DISBURSEMENTS

The Developer, in arriving at the figure for "Reserves" in the attached estimate, has not conducted a reserve study in accordance with HRS §514B-148 and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

EXHIBIT D

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

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

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

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

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

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

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

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

EXHIBIT "F"

Description of Common Interest is as follows:

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

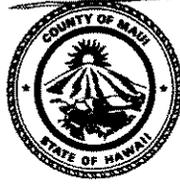
Notwithstanding the allocation of common interests in the preceding paragraph, the common interests for the sole purpose of the ownership of fee simple title to the underlying land (and, therefore, for the allocation of proceeds from the sale or partition of the land upon termination of the condominium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

EXHIBIT "G"

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

July 28, 2006

Ms. Lisa Mary Schlichting
P.O. Box 1523
Wailuku, Hawaii 96793

**SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 20060104, #MISC 20060105
FOR MAIN FARM DWELLING AND SECOND FARM DWELLING
LOCATED AT 250 AWALAU ROAD, HAIKU, MAUI, HAWAII
TMK: (2)2-7-014:066**

Dear Ms. Schlichting:

This is regarding your April 20, 2006, requests for miscellaneous inspections on the two farm dwellings for a preliminary condominium public report on the subject property.

- We made building and electrical inspections on May 1, 2006; and plumbing inspections on May 9, 2006, and found the premises to be in general compliance with applicable codes.

Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.

OTHER COMMENTS:

- There are no pending subdivisions, building and code appeals, or administrative waivers currently in process for the premises.
- The main farm dwelling was constructed under building permit #B94-2230 which was issued on November 18, 1994.
- The storage building with covered lanai was constructed under building permit #B2002-2177 which was issued on November 19, 2002, and converted to the 2nd farm dwelling under building permit #B2003-0454 which was issued on March 6, 2003.

July 28, 2006

Ms. Lisa Schlichting

SUBJECT: MISCELLANEOUS INSPECTIONS #2006-0104 and #2006-0105
FOR MAIN FARM DWELLING AND SECOND FARM DWELLING
LOCATED AT 250 AWALAU, HAIKU, MAUI, HAWAII
TMK: (2) 2-7-014:066

Page 2 of 2

- We made a driveway inspection on April 26, 2006, and noted no driveway violations.
- Please call the Planning Department at 270-7735 to confirm whether planning and zoning requirements have been met.

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

Sincerely,


RALPH M. NAGAMINE
Development Services Administrator

SN:ls S:\DSA\Permits\SCNMISC-INS\2006-0104_0105_schlichting_hrs_ls_wpd.wpd

c: Hawaii Real Estate Commission
Planning Department