

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

CONDOMINIUM PROJECT NAME	NA HALE O KILINAHE
Project Address	39, 37, 35, 33, 31, 29, 27, 25, 19, 17, 11, 15 and 9 Maha Road, Makawao, Maui, Hawaii 96768, respectively (Units 1-13, respectively)
Registration Number	6570 (Partial Conversion)
Effective Date of Report	April 29, 2008
Developer(s)	Pulehu Farm, LLC

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.

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. **CONDOMINIUM - NOT A SUBDIVISION.** This is a **CONDOMINIUM PROJECT**, not a subdivision. The land area beneath, adjacent to, and immediately appurtenant to each unit as shown on the Condominium Map 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.

2. **RISKS OF 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. **PURCHASER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.**

3. **ENVIRONMENTAL HAZARDS.** The Developer neither prepared nor commissioned a Phase I Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Purchaser acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the units, or in, under or around the Project. Because of the possible presence of such substances, Purchaser should have the unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the units or in the Project or anything installed or contained therein and Purchaser expressly releases the Developer from any liability to Purchaser if any hazardous materials are discovered.

4. **LEAD-BASED PAINT DISCLOSURE.** Pursuant to federal law, 42, U.S.C 4852(d), the Residential lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligent quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

5. WATER. Each individual parcel of land (containing two (2) or three (3) units) is served by a single water meter, and water use for both or all three (3) units will be billed to the units by the County of Maui Department of Water Supply in a single bill. Each unit shall pay a share of each bill which is equal to that of each other unit being served by the same water meter. A submeter (sometimes referred to as a "use meter") shall be provided to measure individual water use, and each unit shall pay its share of the bill based on the proportionate metered use. If any unit owner shall fail to pay its share of any water charges, the other unit owner(s) having responsibility for a share may refer the unpaid bill to the Association for payment. The Association shall have the power to bill the delinquent unit owner as a special assessment and shall enforce said collection by lien, if necessary.

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. Each parcel of land in this condominium has only one (1) meter, which is shared. This sharing may be in violation of these rules. WATER SERVICE IS NOW BEING PROVIDED TO ALL UNITS, AND DEVELOPER KNOWS OF NO INSTANCE WHERE THE WATER DEPARTMENT HAS TERMINATED WATER SERVICE TO A CONDOMINIUM UPON CONVERSION. HOWEVER, PURCHASER IS CAUTIONED THAT PURCHASER MAY BE REQUIRED TO OBTAIN AN ADDITIONAL METER AS A CONDITION TO THE PURCHASER'S USE, EXPANSION OR CONSTRUCTION OF PURCHASER'S UNIT OR THE ISSUANCE OF A BUILDING PERMIT FOR ANY PURPOSE. PURCHASER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL OR CONTACT THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

6. SPECIAL MANAGEMENT AREA. The condominium land is not located within the Special Management Area (SMA).

7. MAILBOXES. Each unit has its own mailbox, located at Maha Road in one (1) of two (2) mailbox clusters maintained by the Association.

8. SEPTIC SYSTEM. Each of units 1 through 6 has its own existing cesspool which was installed when the unit was built. Said cesspools do not meet current EPA requirements but are grandfathered. Each of units 7 through 13 has a new septic system and leach field which is shared with at least one (1) other unit and which is located partly in the Limited Common Element land areas appurtenant to one (1) or more other units. The maintenance, repair and replacement of each existing cesspool and new septic system shall be the responsibility of the Association as a common expense of all members of the Association. NOTE: After any such work by the Association, if the ground, landscaping or yard improvements shall be damaged by such work, the owner of the unit affected shall be responsible for restoring the yard, not the Association. No representations or warranties are made as to the quality, useful life, operating cost, replacement cost, or maintenance cost of any cesspool or septic system.

9. RESTRICTIVE COVENANTS IN THE CONDOMINIUM DECLARATION. The Condominium Declaration establishes certain restrictive covenants limiting the use of each unit to residential, non-commercial uses, requiring each unit and Limited Common Element to be properly maintained in clean and attractive condition, regulating the use of the shared roadways, and other restrictions. A PURCHASER IS URGED TO REVIEW THE CONDOMINIUM DECLARATION AND THE RULES AND REGULATIONS.

10. PRE-EXISTING BUILDINGS. Since some of the buildings are pre-existing (units 1 through 8), there may be lead paint, asbestos and other environmentally harmful materials contained in the buildings which may be hazardous and which would not be permitted for a new building today.

11. MOLD. Some of the buildings are pre-existing (units 1 through 8) and may contain mold or mildew. Also, buildings in Hawaii's humid climate are generally susceptible to mold and mildew. Mold and mildew may be hazardous to a person's health, particularly people with asthma or respiratory problems. Developer provides NO warranties and has NO responsibility for mold or mildew.

12. **INSURANCE.** Each unit owner shall be responsible for obtaining and carrying fire and casualty insurance on said unit and general liability insurance on said unit and its appurtenant Limited Common Element land area. Purchasers are urged to review this requirement with their insurance advisors.

13. **LIMITATION ON RIGHT TO EXPAND.** Each of Units 1, 3, 9, 11 and 12 is a "main" dwelling and is not subject to a size limitation and may be expanded, subject to all applicable laws and regulations, building setbacks, limitations on additional water "fixture" unit count required by the Department of Water Supply, and any other restrictions by the County of Maui Department of Water Supply (see item 5 above).

Units 2, 4, 6, 8, 10 and 13 are designated as "accessory" or "ohana" dwellings and have limitations on size of six hundred (600) square feet, except for units 6 and 8 which have received variances with respect to size so that they may be larger than the six hundred (600) square feet limitation. However, those units may not be expanded further or beyond their existing eight hundred sixty-four (864) square foot areas.

Units 5 and 7 may also be expanded, but to a size not greater than one thousand five hundred (1,500) square feet each.

Each unit is subject to a restriction that no dwelling may be constructed or expanded closer than five (5) feet from the boundary line of the condominium land or from the dividing line between Limited Common Element 1 and Limited Common Element 2.

14. **LIMITATIONS ON RESALE OF UNITS; AFFORDABLE HOUSING RESTRICTIONS.** The Condominium Conveyance Document will contain a restrictive covenant limiting the owner's right to resell the unit within a period of twenty-five (25) years in order to prevent price speculation and profit-taking which may change the affordable housing status of each unit. Reference is made to Exhibit H of this 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 PURCHASER 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		
Address of Project	39, 37, 35, 33, 31, 29, 27, 25, 19, 17, 11, 15 & 9 Maha Road, Makawao, Hawaii 96768, respectively (Units 1-13, respectively)	
Address of Project is expected to change because	Not applicable	
Tax Map Key (TMK)	(2) 2-4-06-28	
Tax Map Key is expected to change because	A new tax key will be issued for each of the 6 parcels and 2 road lots and a CPR number will be assigned to each unit.	
Land Area	91,267 square feet	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable	

1.2 Buildings and Other Improvements

Number of Buildings	13
Floors Per Building	1
Number of New Building(s)	5
Number of Converted Building(s)	8
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood and glass

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	2	2/1	539 sq. ft.	333 sq. ft.	carport/storage	872 sq. ft.
B	2	2/1	493 sq. ft.	288 sq. ft.	carport/storage	781 sq. ft.
C	2	3/1	786 sq. ft.	280 sq. ft.	carport/storage	1,066 sq. ft.
D	2	3/1	786 sq. ft.	314 sq. ft.	carport	1,100 sq. ft.
E	3	3/2	995 sq. ft.	462 sq. ft.	garage	1,457 sq. ft.
F	2	2/1	537 sq. ft.	240 sq. ft.	carport	777 sq. ft.
See Exhibit A						

13	Total Number of Units
----	------------------------------

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	16
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	1 or 2*
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.	
*A one-car carport is provided for each of Units 1 through 8, 10, and 13. A two-car garage is provided for Units 9, 11 and 12.	

1.5 Boundaries of the Units

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

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): Unit owners may alter their unit interiors and exteriors. But only Units 1, 3, 5, 7, 9, 11 and 12 may be expanded (subject to a 1,500 square foot limit on each of Units 5 and 7). Restrictions on setbacks and additional water fixtures apply.

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:
Each unit has a one-thirteenth (1/13th) common interest.

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): Cesspools, septic systems and common driveways; mailbox clusters

1.9 Common Elements

<p>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.</p>	
<p>Described in Exhibit _____.</p>	
<p>Described as follows:</p> <ol style="list-style-type: none"> 1. Easements for common use of shared driveways. 2. Clustered mailbox facilities. 3. Shared water meters and any submeters to allocate the cost of the County's billings between two (2) or more units. 4. All in-ground septic systems. 	
Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

<p>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.</p>
<p>Described in Exhibit _____.</p>
<p>Described as follows:</p> <p>Each unit has the exclusive use of the land designated on the condominium map as "Limited Common Element" and bearing the numerical designation corresponding to the unit number (subject to the joint use of certain shared septic systems and shared water meters).</p>

1.11 Special Use Restrictions

<p>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.</p>	
<input checked="" type="checkbox"/>	Pets: Limited to one (1) dog and one (1) cat.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Residential use only. No nuisances.
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>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).</p>
<p>Exhibit <u>B</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: February 27, 2008</p>
<p>Company that issued the title report: Fidelity National Title Insurance Company</p>

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 checked="" type="checkbox"/>	Residential	13	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		Residential R-3
<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 type="checkbox"/>	Agricultural		<input 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 Declarations 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.			Units 6 and 8: size variance. See item 13 on page 1c.			

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>
--

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: Each of Units 1 through 8 is a pre-existing dwelling, recently renovated by the Developer. The roof, all structural components and all mechanical and electrical installations are in good working order. Units 9 through 13 are new.</p>	
<p>Developer's statement of the expected useful life of each item reported above: Approximately twenty (20) years for all structures, except for roofs on remodeled dwellings, which are estimated at ten (10) years.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: None.</p>	
<p>Estimated cost of curing any violations described above: Not applicable.</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>F</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: (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> <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" 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 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 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>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>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: Pulehu Farm, LLC</p> <p>Business Address: 8 Kiopa'a Street, Suite 201 Pukalani, Maui, Hawaii 96768</p> <p>Business Phone Number: (808)572-3011 E-mail Address: david@ksdhawaii.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>KRS Associates II LLC (dba KSD Hawaii) - Manager</p> <p>Thomas A. Rosenquist, Trustee Koolau Properties LLC John C. Walker, Jr., Trustee Mark R. Walker Kent R. Smith Philip Kai Binney</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Betsy Jacobsen Inc., d/b/a Maui Real Estate Professionals</p> <p>Business Address: 8 Kiopa'a Street, Suite 102, Pukalani, Maui, Hawaii 96768 Business Phone Number: (808)275-2005 Email Address: mauibetsy.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Fidelity National Title & Escrow of Hawaii, Inc.</p> <p>Business Address: 8 Kiopa'a Street, Suite 103, Pukalani, Maui, Hawaii 96768</p> <p>Business Phone Number: (808)573-0110</p>
<p>2.4 General Contractor</p>	<p>Name: KRS Associates II, LLC, dba KSD Hawaii</p> <p>Business Address: 8 Kiopa'a Street, Suite 201, Pukalani, Maui, Hawaii 96768</p> <p>Business Phone Number: (808)572-3011</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Commercial Properties of Maui Management, Inc.</p> <p>Business Address: 1962B Wells Street, Wailuku, Maui, Hawaii 96793</p> <p>Business Phone Number: (808)243-8600</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Thomas D. Welch, Jr.</p> <p>Business Address: Mancini, Welch & Geiger LLP, 33 Lono Avenue, Suite 470, Kahului, Maui, 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	February 15, 2008	2008-028705

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	February 15, 2008	2008-028706

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	4590
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.		
The House Rules for this project:		
Are Proposed		<input checked="" type="checkbox"/>
Have Been Adopted and Date of Adoption		<input type="checkbox"/>
Developer does not plan to adopt House Rules		<input type="checkbox"/>

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: 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 checked="" type="checkbox"/>	Not affiliated with the Developer
<input 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

Estimate of the Initial Maintenance Fees: 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 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.

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 checked="" type="checkbox"/>	Sewer (septic tanks, cesspools and leachfields)
<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 type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) Telephone

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage, Assignment, & Financing Statement to Central Pacific Bank; Documents 2007-101940-101942	Purchaser will lose the right to acquire the unit but escrow shall return all Purchaser's deposits.

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: Contractor's Warranty: One (1) year from completion of renovation or construction.
Appliances: Manufacturer's warranties on appliances shall be assigned to unit purchasers.

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

<p>Status of Construction: Units 1 through 8 are existing and were completed originally in 1969 (Units 1 through 4) and 1977 (Units 5 through 8). Units 1 through 8 are now being remodeled. Units 9 through 13 are new and are *</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p> <p>Twelve (12) months from the effective date of the sales contract.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p> <p>Nine (9) months from the effective date of the sales contract.</p>

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

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

*now being constructed. Estimated date of completion of all units is July 31, 2008.

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

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

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

5.7 Rights Under the Sales Contract

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

1. **Developer's Public Report**

2. **Declaration of Condominium Property Regime (and any amendments)**

3. **Bylaws of the Association of Unit Owners (and any amendments)**

4. **Condominium Map (and any amendments)**

5. House Rules, if any

6. Escrow Agreement

7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.

8. Other:

(a) All encumbrance documents described in Exhibit B attached hereto.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 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

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.

Pulehu Farm, LLC
Printed Name of Developer

By:  February 15, 2008
Duly Authorized Signatory* Date

David Goode, Member of KRS Associates II, LLC,
Managing Member of Pulehu Farm, LLC
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"

DESCRIPTION OF BUILDINGS AND UNITS

DESCRIPTION OF BUILDINGS.

The condominium consists of thirteen (13) separate units, each of which is a 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 and bearing the same Limited Common Element number as the unit to which it is appurtenant. Each building is constructed primarily of wood, concrete, glass and related materials. Upon expansion, relocation, construction or reconstruction of any unit by any owner(s) thereof as provided in the Declaration, the modified or new building containing any unit may be constructed of any other building material meeting applicable building codes, including but not limited to concrete, masonry, plaster, wood, glass or related materials.

DESCRIPTION OF UNITS.

UNIT NUMBERS; UNIT TYPE; NUMBERS OF BEDROOMS AND BATHROOMS; APPROXIMATE NET LIVING AREA OF UNITS; APPROXIMATE NET SQUARE FOOTAGE OF CARPORTS AND GARAGES; AND FRACTION OF COMMON INTEREST; ACCESS, LOCATION, LAYOUT AND OTHER UNIT INFORMATION

<u>Unit No.</u>	<u>Unit Type</u>	<u>Bed/Bath</u>	<u>Approx. Net Living Area (sq.ft.)</u>	<u>Approx. Area: Carport or Garage (sq.ft.)</u>	<u>Access to Maha Road</u>	<u>Common Interest</u>
1	A	2/1	539	333	Easements 1 and 2; Roadway Lot 7	1/13
2	A	2/1	539	333	Easements 1 and 2; Roadway Lot 7	1/13
3	B	2/1	493	288	Roadway Lot 7	1/13
4	B	2/1	493	288	Roadway Lot 7	1/13
5	C	3/1	786	280	Easements 1 and 2; Roadway Lot 7	1/13

<u>Unit No.</u>	<u>Unit Type</u>	<u>Bed/Bath</u>	<u>Approx. Net Living Area (sq.ft.)</u>	<u>Approx. Area: Carport or Garage (sq.ft.)</u>	<u>Access to Maha Road</u>	<u>Common Interest</u>
6	C	3/1	786	280	Easements 1 and 2; Roadway Lot 7	1/13
7	D	3/1	786	314	Roadway Lot 8	1/13
8	D	3/1	786	314	Roadway Lot 8	1/13
9	E	3/2	995	462	Shared Roadway Easement; Roadway Lot 8	1/13
10	F	2/1	537	240	Shared Roadway Easement; Roadway Lot 8	1/13
11	E	3/2	995	462	Shared Roadway Easement; Roadway Lot 8	1/13
12	E (mirror image)	3/2	995	462	Shared Roadway Easement; Roadway Lot 8	1/13
13	F	2/1	537	240	Shared Roadway Easement; Roadway Lot 8	1/13

NOTE: THE FLOOR AREAS ARE APPROXIMATE ONLY (AND ROUNDED TO THE NEAREST FOOT). THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR UNIT.

LOCATION, RELOCATION AND NUMBERING OF UNITS.

Each unit is located as shown on the condominium map. The units are numbered 1 through 13. The following groups of units run from southwest to northeast, starting in the northerly part of the land and working south: 1 through 4, 5 through 8,

and 9, 11 and 12. Unit 10 is adjacent to and southeast of Unit 9. Unit 13 is adjacent to and southeast of Unit 12.

As provided in Section 8(i) 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 8(i) of the Declaration; provided however, that (a) all construction in connection therewith shall comply with all applicable zoning and building codes; (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; (c) Units 1, 3, 9, 11 and 12 may be expanded in size (floor area); and (d) Units 5 and 7 may be expanded but only to 1,500 square feet. Note that said area limitations may be measured differently from the figures on the preceding chart and may be required to include wall thickness and other dimensions not reflected in the net living areas stated in said chart.

DESCRIPTION OF UNIT TYPES.

Type "A": There are two (2) Type "A" Units. Each Type "A" Unit has two (2) bedrooms, one (1) bath, a kitchen/living area, and a carport with enclosed shed.

Type "B": There are two (2) Type "B" Units. Each Type "B" Unit has two (2) bedrooms, one (1) bath, a kitchen/living area, and a carport with enclosed shed.

Type "C": There are two (2) Type "C" Units. Each Type "C" Unit has three (3) bedrooms, one (1) bath, a kitchen/living area, and a carport with enclosed shed.

Type "D": There are two (2) Type "D" Units. Each Type "D" Unit has three (3) bedrooms, one (1) bath, a kitchen/living area, and a carport.

Type "E": There are three (3) Type "E" Units. Each Type "E" Unit has three (3) bedrooms, two (2) baths, a kitchen, a living/dining area, and an enclosed garage.

Type "F": There are two (2) Type "F" Units. Each Type "F" Unit has two (2) bedrooms, one (1) bath, a kitchen/living area, a laundry, and a carport.

END OF EXHIBIT "A"

EXHIBIT "B"

DESCRIPTION OF TITLE ENCUMBRANCES

***Comments in parenthesis below are not part of the encumbrances provided by the title company and do not represent any warranty or representation by the State of Hawaii Real Estate Commission or the title company but are explanations provided by Developer's attorney to assist Purchasers 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 Purchaser's title insurance policy to be issued at the time of purchase.**

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

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

*(Note: This encumbers most properties in Hawaii and does not affect the use or value of the condominium property.)

3. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document in favor of Time Warner Entertainment Company, L.P., a Delaware limited partnership, through its Hawaii Division, doing business as Oceanic Time Warner Cable, for utility and maintenance purpose, recorded as Document No. 2007-052049, affecting land herein described.

*(Note: This establishes a utilities easement, which does not impact the use or value of the condominium property.)

4. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby, made by Pulehu Farm LLC, a Hawaii limited liability company, in favor of Central Pacific Bank, a Hawaii corporation, dated June 4, 2007, recorded as Document No. 2007-101940.

*(Note: Each unit will be released from the lien of this document upon its sale and transfer to the unit purchaser.)

5. An Assignment of Lessor's Interest in Leases of all moneys due, or to become due as rental or otherwise from said land, to secure payment of an indebtedness, shown below and upon the terms and conditions therein, assigned to Central Pacific Bank, a Hawaii corporation, by Pulehu Farm LLC, a Hawaii

limited liability company, recorded June 4, 2007 as Document No. 2007-101941.

*(Note: Each unit will be released from the lien of this document upon its sale and transfer to the unit purchaser.)

6. A Financing Statement made by Pulehu Farm LLC, as Debtor, to Central Pacific Bank, as Secured Party, recorded on June 6, 2007 as Document No. 2007-101942.

*(Note: Each unit will be released from the lien of this document upon its sale and transfer to the unit purchaser.)

7. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document in favor of Maui Electric Company, Limited and Hawaiian Telcom, Inc., for the purpose of granting a perpetual right and easement for utility purposes, recorded as Document No. 2007-165095, affecting land herein described.

*(Note: This establishes a utilities easement, which does not impact the use or value of the condominium property.)

8. Hold-Harmless Agreement, upon and subject to all of the provisions contained therein, by and between Pulehu Farm, LLC and the County of Maui dated November 26, 2007, recorded as Document No. 2008-014625.

*(Note: This document absolves the County of Maui from liability in connection with the granting of a variance and any other approvals for the subject property.)

9. Condominium Map No. 4590, recorded in the said Bureau of Conveyances.

10. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as contained in Declaration of Condominium Property Regime of Na Hale O Kilinahe dated February 15, 2008, recorded as Document No. 2008-028705.

11. By-Laws of the Association of Apartment Owners of Na Hale O Kilinahe dated February 15, 2008, recorded as Document No. 2008-028706.

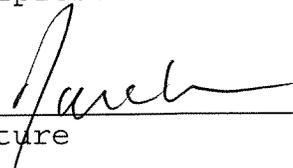
END OF EXHIBIT "B"

EXHIBIT "C"

ESTIMATE OF COMMON EXPENSES

<u>Expenses</u>	<u>Monthly</u>	<u>Annually</u>
Common Expenses		
Association Meeting Expenses	\$ 10.00	\$ 120.00
Cesspool/septic (pump/check	\$ 125.00	\$ 1,500.00
Insurance - Fidelity Bond	\$ 37.50	\$ 450.00
Insurance - Directors and Officers	\$ 66.67	\$ 800.00
Insurance - Liability/Property	\$ 150.00	\$ 1,800.00
Landscaping Maintenance & Repair	\$ 100.00	\$ 1,200.00
Management Fees	\$ 312.00	\$ 3,744.00
Miscellaneous (Bank fees, postage, etc.)	\$ 45.00	\$ 540.00
Professional Fees - Tax Prep/Audit	\$ 154.17	\$ 1,850.00
Professional Fees - Legal	\$ 30.00	\$ 360.00
Reserve for mailboxes, road lots, shared driveways, septic systems and landscaping	\$ 150.00	\$ 1,800.00
=====		
TOTAL	\$ 1,180.34	\$14,164.00
FOR EACH UNIT	\$ 90.79	\$ 1,089.48
PLUS estimated charge for water use	\$ 36.54	\$ 438.48

I, DAVID GOODE, Member of KRS Associates II, LLC, Managing Member of Pulehu Farm, LLC, the Developer of Na Hale O Kilinahe, hereby certify that the above estimates of common expenses were prepared in accordance with generally accepted accounting principles.



Signature

February 15, 2008

Date

I, DAVID GOODE, Member of KRS Associates II, LLC, Managing Member of Pulehu Farm, LLC, the Developer of Na Hale O Kilinahe, hereby certify that a reserve study has not been conducted to support the Reserves contributions line items set forth above, as there is insufficient information available to conduct such study at this time. Although under Hawaii law a newly formed Association is not required to collect estimated replacement reserves until the fiscal year which begins after the Association's first annual meeting, the Association for this project will begin to collect reserve amounts upon closing of sales of units in the project based on the estimates set forth above. Purchasers should be aware that the amount collected for reserves may increase or decrease when the reserve study is conducted.



Signature

February 15, 2008

Date

STATEMENT OF DEVELOPER UNDER HRS SECTION 514B-41(b)

A unit owner, including the Developer, shall become obligated for the payment of the share of the common expenses allocated to the owner's unit at the time the certificate of occupancy relating to the owner's unit is issued by the appropriate county agency; provided that the unit owner shall not be obligated for the payment of the owner's share of the common expenses until such time as the Developer sends the owners written notice that, after a specified date, the unit owners shall be obligated to pay for the portion of common expenses that is allocated to their respective units. The Developer shall mail the written notice to the owners and the association at least thirty (30) days before the specified date.

END OF EXHIBIT "C"

EXHIBIT "D"

SUMMARY OF SALES CONTRACT

A specimen Deposit Receipt and Sales Contract (the "Sales Agreement", has been submitted to the Real Estate Commission and is available in the Sales Office of the Developer ("Seller"). ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Lender Priority. Seller has given to and/or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual units. All of the rights and interests which Seller gives to the lender or lenders will have priority over the Buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The Buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of signed Condominium Conveyance Documents to the Buyers. If Seller's lender or lenders ask the Buyers to do so, the Buyers will sign other documents to confirm the promises and agreements mentioned above.

2. Buyer's Failure to Obtain Loan Approval. Seller may (but does not have to) cancel the Sales Agreement (a) if the Buyer's mortgage loan application is rejected or not approved within thirty (30) days after application, or (b) if the Buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the Buyer's ability to make the cash payments.

3. Warranties. Units are being sold "as is" with a warranty on all new construction and renovations of one (1) year from the date of completion.

4. REPRESENTATIONS. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS REPRESENTED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S UNIT. IF BUYER WANTS TO RENT OR SELL THE UNIT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED HEREIN AND IN THE DECLARATION, THE BYLAWS, AND ANY OTHER DOCUMENTS AFFECTING THE PROPERTY. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE UNIT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE UNIT OR ABOUT THE TAX EFFECTS OF BUYING THE UNIT.

5. Closing Costs. Buyer will pay the following closing costs: 50% of the escrow fee, all of Buyer's notary fees, all appraisal fees, all recording costs (except for documents to clear Seller's title), all charges for Buyer's credit report, all costs of preparing any mortgages and promissory notes, and Buyer's title insurance premium. Buyer will also pay all mortgage costs. Buyer may also pay a non-refundable start-up fee and association dues for the Na Hale O Kilinahe Community Association, Inc. Buyer agrees that Seller does not have to pay any start-up fee for any unit in the Project, but Seller will cause all Buyers to pay the start-up fee when units are sold and closed in escrow. Proration of real property taxes will be made as of the scheduled closing date. Proration of maintenance charges will be made as of the scheduled closing date or later at Seller's option.

6. Buyer's Default. If Buyer fails to make any payment when it is due or fails to keep any of Buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained in the Sales Agreement, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving to Buyer written notice of cancellation and Seller may keep all sums paid by Buyer under the Sales Agreement as liquidated damages. If Seller cancels the Sales Agreement, Buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing of the Project, the effect of default and cancellation of one sale on other unit sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by Buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from Buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make Buyer keep all of Buyer's promises and agreements, including, without limitation, closing the purchase of the property).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable lawyers' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of Buyer's default.

7. Seller's Default. If Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, Buyer may require Seller to go through with the Sales Agreement, or Buyer may cancel the Sales Agreement. If Buyer cancels the Sales Agreement because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to Seller or escrow under the Sales Agreement, without interest.

BUYER AGREES THAT IF SELLER DEFAULTS UNDER THE SALES AGREEMENT AT ANY TIME, BUYER WILL ONLY HAVE THE RIGHTS MENTIONED IN THIS SECTION. BUYER GIVES UP ANY OTHER RIGHTS BUYER MIGHT OTHERWISE HAVE.

8. Contract Termination and Changes. Developer reserves the right to terminate sales contracts if the Project feasibility or profitability is affected by construction cost increases, governmental delays or other causes beyond Seller's control. Also, Developer reserves the right to terminate the Project and terminate all Sales Agreements prior to the transfer of a unit leasehold title to a Buyer. Buyer shall be entitled to a refund of all moneys paid hereunder. The parties shall then be released from all obligations and liabilities hereunder.

Also, Seller reserves the right to make changes to the Project as more particularly described in Section 3.6 of the Public Report.

9. Contract Not Transferable. The Buyer agrees that Buyer may not transfer the Sales Agreement or any of Buyer's rights or interests under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

10. Seller's Right to Cancel. In addition to any other rights of Seller to cancel this Agreement set forth herein, the Seller reserves the right to terminate this Agreement by written notice to Buyer at any time if prior to closing Buyer and Seller shall enter into a bona fide disagreement in which the parties, after negotiation shall be unable to resolve such dispute by mutual agreement. Upon such termination Escrow shall return to Buyer all of Buyer's deposits (and any interest therein pursuant to Section 2.2) and Buyer and Seller shall thereafter have no further obligations or liabilities to each other.

11. Resale Restrictions. The unit is subject to affordability resale restrictions. See Exhibit H to this Public Report.

12. Conclusions and Summary. NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

The Deposit Receipt and Sales Contract contains the price and other terms and conditions under which a buyer 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 which must be paid in connection with the purchase of a unit.

(b) That the buyer acknowledges having received and read a Public Report for the Project prior to signing the Deposit, Receipt and Sales Contract.

(c) That the buyer's money will be held in escrow, under the terms of the Escrow Agreement.

(d) Requirements relating to the buyer's financing of the purchase of a unit.

(e) That the unit and the Project will be subject to various other legal documents which the buyer should examine, and that the Developer may change these documents under certain circumstances.

(f) Except as provided in Paragraph 3 of this Summary of Sales Contract, the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.

(g) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the sales 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 buyers and prospective buyers to read with care the specimen Deposit Receipt and Sales Contract on file with the Real Estate Commission.

END OF EXHIBIT "D"

EXHIBIT "E"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Agreement will be held up 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 Agreement.
- (d) After a Sales Agreement becomes final and binding after the issuance of the Public Report for the Project, Developer may withdraw purchaser's deposits to pay for Project construction costs.

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 Agreement. 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.

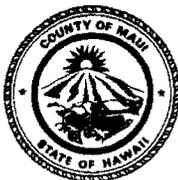
END OF EXHIBIT "E"

EXHIBIT "F"

CHARMAINE TAVARES
Mayor

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

MICHAEL M. MIYAMOTO
Deputy Director



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

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

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

March 5, 2008

Mr. David Goode
Pulehu Farms, LLC.
8 Kiopa'a Street, Suite 201
Pukalani, Hawaii 96768

**SUBJECT: MISCELLANEOUS INSPECTIONS MISC #2007-0167 THRU 2007-0174
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED OFF MAHA ROAD, MAKAWAO, HAWAII
TMK: (2) 2-4-006:028**

Dear Mr. Goode:

This is regarding your November 20, 2007, requests for miscellaneous inspections of eight (8) dwellings for a preliminary condominium public report on the subject property.

MISC #2007-0167 - DWELLING - UNIT 1

- We made building and plumbing inspections on December 17, 2007, and an electrical re-inspection on January 14, 2008, 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.
- We issued Building Permit #B 68-1063 on August 23, 1968, for the dwelling designated as Unit 1. The county-assigned address for the dwelling is 39 Maha Road.

MISC #2007-0168 - DWELLING - UNIT 2

- We made building and plumbing inspections on December 17, 2007, and an electrical re-inspection on January 14, 2008, 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.

March 5, 2008

Mr. David Goode

SUBJECT: MISCELLANEOUS INSPECTIONS # MISC 2007-0167 THRU 2007-0174
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED OFF MAHA ROAD, MAKAWAO
TMK: (2) 2-4-006:028

Page 2 of 4

- We issued Building Permit #B 68-1064 on August 23, 1968, for the dwelling designated as Unit 2. The county-assigned address for the dwelling is 37 Maha Road.

MISC #2007-0169 - DWELLING - UNIT 3

- We made building and plumbing inspections on December 17, 2007, and an electrical re-inspection on January 14, 2008, 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.
- We issued Building Permit #B 68-0683 on May 23, 1968, for the dwelling designated as Unit 3. The county-assigned address for the dwelling is 35 Maha Road.

MISC #2007-0170 - DWELLING - UNIT 4

- We made building and plumbing inspections on December 17, 2007, and an electrical re-inspection on January 14, 2008, 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.
- We issued Building Permit #B 68-0684 on May 23, 1968, for the dwelling designated as Unit 4. The county-assigned address for the dwelling is 33 Maha Road.

MISC #2007-0171 - DWELLING - UNIT 5

- We made a plumbing inspection on December 17, 2007, a building re-inspection on January 4, 2008, and an electrical re-inspection on January 14, 2008, 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.

March 5, 2008

Mr. David Goode

SUBJECT: MISCELLANEOUS INSPECTIONS # MISC 2007-0167 THRU 2007-0174
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED OFF MAHA ROAD, MAKAWAO
TMK: (2) 2-4-006:028

Page 3 of 4

- We issued Building Permit #B 76-2303 on November 3, 1976, for the dwelling designated as Unit 5. The county-assigned address for the dwelling is 31 Maha Road.

MISC #2007-0172 - DWELLING - UNIT 6

- We made building and plumbing inspections on December 17, 2007, and an electrical re-inspection on January 14, 2008, 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.
- We issued Building Permit #B 76-2304 on November 3, 1976, for the dwelling designated as Unit 6. The county-assigned address for the dwelling is 29 Maha Road.

MISC #2007-0173 - DWELLING - UNIT 7

- We made building and plumbing inspections on December 17, 2007, and an electrical re-inspection on January 14, 2008, 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.
- We issued Building Permit #B 76-2305 on November 3, 1976, for the dwelling designated as Unit 7. The county-assigned address for the dwelling is 27 Maha Road.

MISC #2007-0174 - DWELLING - UNIT 8

- We made a plumbing inspection on December 17, 2007, a building re-inspection on January 4, 2008, and a electrical re-inspection on January 14, 2008, 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.

March 5, 2008

Mr. David Goode

SUBJECT: MISCELLANEOUS INSPECTIONS # MISC 2007-0167 THRU 2007-0174
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED OFF MAHA ROAD, MAKAWAO
TMK: (2) 2-4-006:028

Page 4 of 4

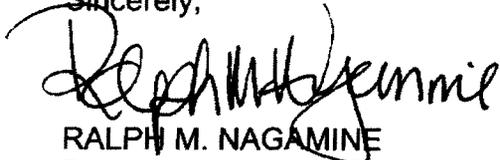
- We issued Building Permit #B 76-2306 on November 3, 1976, for the dwelling designated as Unit 8. The county-assigned address for the dwelling is 25 Maha Road.

OTHER COMMENTS

- There are no pending requests for building and code appeals, or administrative waivers currently in process for the premises.
- Maha Road is a county roadway. We made a driveway inspection on November 29, 2007, and found it to be in general compliance with applicable codes.
- Maha Wao Subdivision, File No. 2.2889, to subdivide Lot 4 into Lots 1 through 9, inclusive, was granted preliminary subdivision approval on April 21, 2005. The subdivision is still pending final approval.
- We also recommend that you call 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 call Jae Mattos at 270-7250.

Sincerely,



RALPH M. NAGAMINE
Development Services Administrator

sn:jm

S:\DSA\Permis\MISC-INSP\2007-0167_thru_0174_no_hale_o_kilinahe_hrs_jm.wpd

c: Hawaii Real Estate Branch
Planning Department
Real Property Tax Division

END OF EXHIBIT "F"

EXHIBIT "G"

DEVELOPER'S STATEMENT OF PHYSICAL CONDITION AND
EXPECTED USEFUL LIFE OF STRUCTURAL COMPONENTS
AND MECHANICAL AND ELECTRICAL INSTALLATIONS

1. Structural Components and Electrical and Mechanical Systems.

Structural condition and electrical and mechanical systems of the buildings in Units 1 through 8 are generally good with no major defects. The expected useful life of the structures is estimated at twenty (20) years.

2. Roofs. Roofs of Units 1 through 8 have been recently inspected and are in good condition. The expected useful life is estimated at ten (10) years.

3. No Uncured Violations. There are no uncured violations of County of Maui Building Code or other regulations.

END OF EXHIBIT "G"

EXHIBIT "H"

TRANSFER RESTRICTIONS

The Grantee is purchasing the Property as an "affordable unit" under the County of Maui Workforce Housing Ordinance in the _____% of HUD median income category. The Grantee shall be subject to the following restriction on future resale for twenty-five (25) years (the "Transfer Restriction"):

For the period of twenty-five (25) years after the date of the Unit Deed (the "Restriction Period"), the following restrictions shall apply to every transfer of the Property, whether by lease, assignment of lease, deed, or agreement of sale ("Transfer"):

(a) If the Grantee or the Grantee's successor-in-interest to title to the Property (the "Owner") desires to Transfer the Property, the Owner shall first provide to the County of Maui ("County") a copy of a then-current appraisal of the Property by a licensed independent appraiser, together with a written offer to sell the Property to the County (the "Offer") at a price (the "Restricted Price") which shall not exceed the sum of the following items: (i) the original cost to the Owner of acquiring the Property; (ii) the cost of any documented capital improvements and non-removable fixtures (collectively "Additions") added to the Property by the Owner; (iii) simple interest at the rate of seven percent (7%) per annum on the cost of any Additions; and (iv) twenty-five percent (25%) of the difference between (a) the appraised market value of the Property at the time of notice to offer the Property to the County and (b) the market appraisal at the time of the Owner's original purchase of the Property. The Restricted Price shall in all events be capped at the County of Maui's affordable housing price, as determined by prevailing interest rates for the current year the Property is being offered and by the same percentage of HUD median income as applied to the Owner at the time of the Owner's original purchase.

(b) The County shall have thirty (30) days from the date of receipt of the Offer by the Director of the Department of Housing and Human Concerns (or such other County officer who shall have been designated in writing by the Mayor) in which to accept or reject the Offer, time being of the essence. If the County accepts the Offer, then the County shall have thirty (30) days following the effective date of the Maui County Council

Resolution approving the purchase in which to close its purchase of the Property. If the County fails to accept the Offer, then the Owner may proceed to resell the Property to any "qualified buyer" for a sales price which is no higher than the Restricted Price, and subject to this Transfer Restriction as to any later Transfer, including, but not limited to, the County's option to purchase the Property. "Qualified buyer" means a buyer who is purchasing the Property as an owner-occupant and not as an investor.

(c) The County, acting through the Director of the Department of Housing and Human Concerns (or such other County officer who the Mayor shall have designated in writing) may by written notice to the Owner at any time, adjust the Restricted Price upward to a level which said Director (or other officer) shall determine to be a fair reflection of affordability, inflation, current County ordinances, rules, or practices, and other appropriate pricing factors consistent with the County's affordable housing goals and standards. Said adjustment shall be made in the County's sole discretion, shall be in writing to the then Owner of the Property, and may be recorded in the Bureau of Conveyances of the State of Hawaii at said Owner's election.

(d) At the end of the Restriction Period, the then Owner of the Property may Transfer the Property free and clear of this Transfer Restriction.

(e) The Transfer Restriction shall not apply to:

(i) The Transfer of a security interest in the Property to any bank or other lender by way of mortgage;

(ii) The Transfer of title to a bona fide purchaser upon foreclosure of any such security interest by such bank or other lender; provided, however, that the sale price of the Property to said purchaser shall not exceed the Restricted Price at the time of foreclosure, plus said lender's out-of-pocket costs of collection and foreclosure, and provided that this Transfer Restriction shall apply to any further or subsequent Transfer(s) of the Property by said purchaser;

(iii) Any Transfer by operation of law or pursuant to death or divorce, provided that this

Transfer Restriction shall apply as any subsequent Transfer(s); and

(iv) Any Transfer for no consideration (or for nominal consideration) by an Owner by way of a bona fide gift to a spouse, child, or other blood or adopted family relation, or to a revocable living trust established for the Owner's estate planning purposes, or by way of distribution from such trust, provided that in each such case this Transfer Restriction shall apply to any subsequent Transfer(s).

END OF EXHIBIT "H"