

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

CONDOMINIUM PROJECT NAME	MAKAWAO MAKAI CONDOMINIUM
Project Address	1025 Ukiu Road Makawao, HI 96768
Registration Number	6596 (Conversion)
Effective Date of Report	May 15, 2008
Developer(s)	Dan M. Schulte and Vicki J. Schulte, Trustees of The Dan and Vicki Schulte Trust dated December 12, 2001

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.]

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

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

In a condominium, all of the land included in the condominium remains a single, un-subdivided 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.

WATER METERING

This condominium is served by a single water meter and water use for all units will be billed to the Association of Unit Owners by the County of Maui Department of Water Supply in a single bill. The Association is responsible for paying said charges and will allocate them among the unit owners as common expense assessments. The method of allocation shall be by individual use meters apportioning the County's billings between all apartments by proportionate metered water usage and not by common interest.

The County of Maui Department of Water Supply may have adopted a policy to require that each unit in a condominium have its separate water meter. This condominium has only one meter, which is shared. This sharing may be in violation of these rules. Due to the current shortage of water in the Department's Upcountry water system, it may not be possible to obtain additional meters for this property. 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 BUYER IS CAUTIONED THAT BUYER MAY BE REQUIRED TO OBTAIN A METER AS A CONDITION TO THE BUYER'S USE, EXPANSION OR CONSTRUCTION OF BUYER'S UNIT, OR THE ISSUANCE OF A BUILDING PERMIT FOR ANY PURPOSE. In such event, water will no longer be a common expense for that unit but will continue to be for those units still under a common meter. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL OR CONTACT THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING AND SHOULD SHOULD CONSULT WITH HIS OR HER ATTORNEY FOR LEGAL COUNSEL.

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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	1025 Ukiu Road Makawao, HI 96768	
Address of Project is expected to change because	Not Applicable	
Tax Map Key (TMK)	(2) 2-4-025:020	
Tax Map Key is expected to change because	Not Applicable	
Land Area	21,554 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	4
Floors Per Building	Units 1025B & 1025C: 2 floors; Units 1025 & 1025A: 1 floor
Number of New Building(s)	0
Number of Converted Building(s)	4
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	wood

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
1025 R	1	3/2	1056 sq. ft.	40 sq. ft.	storage	1096 sq. ft.
1025-A R	1	2/1	696 sq. ft.	240 sq. ft.	carport	936 sq. ft.
1025-B R	1	5/2.5	2208 sq. ft.	259 sq. ft.	lanai/storage/laun	2467 sq. ft.
1025-C R	1	5/2.5	2208 sq. ft.	373 sq. ft.	lanai/storage/laun	2581 sq. ft.
See Exhibit A__.						

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

1.9 Common Elements

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

Described in Exhibit A__.

Described as follows:

Common Element 1 (Driveway and Utilities), area = 1,873 sq. feet.
 Common Element 2 (Parking and Utilities), area = 1,340 sq. feet.

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit A__.

Described as follows:

Limited Common Element 1025 is appurtenant to Unit 1025 and has an area of 4,249 square feet.
 Limited Common Element 1025-A is appurtenant to Unit 1025-A and has an area of 3,582 square feet.
 Limited Common Element 1025-B is appurtenant to Unit 1025-B and has an area of 4,026 square feet.
 Limited Common Element 1025-C is appurtenant to Unit 1025-C and has an area of 6,484 square feet.

1.11 Special Use Restrictions

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

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input checked="" type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

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

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

Date of the title report: April 3, 2008

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

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning							
	Type of Use	No. of Units	Use Permitted by Zoning			Zoning	
<input checked="" type="checkbox"/>	Residential	4	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	R-3 Residential
<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 type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
Describe any variances that have been granted to zoning code.							

1.14 Other Zoning Compliance Matters

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

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

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed: The structure (Unit 1025A) may be reconstructed as permitted by the original building permit and may be expanded or modified with a building permit, subject to the other applicable provisions of Title 19 of the Maui County Code, notwithstanding the provisions of Section 19.500.110. (Maui County Ordinance 2905, adopted October 6, 2000) See Exhibit F regarding the existing legal non-conforming dwelling</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: All Units are more than 5 years old. Based on a report dated April 9, 2008, prepared by Martin V. Cooper, a Hawaii-licensed architect, the Developer states as follows: All the structural components and mechanical and electrical installations material to the use and enjoyment of the project appear to be in good condition.</p>	
<p>Developer's statement of the expected useful life of each item reported above: The Developer states that no representations are made in regard to the useful life of any structural component, or any mechanical and electrical installations material to the use and enjoyment of the project.</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: N.A.</p>	

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

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input 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: Dan M. Schulte and Vicki J. Schulte, Trustees of The Dan and Vicki Schulte Trust dated December 12, 2001</p> <p>Business Address: P.O. Box 880603 Pukalani, HI 96768</p> <p>Business Phone Number: 808-572-7248 E-mail Address: loangal@hawaii.rr.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>N.A.</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Oceanic Enterprises, Inc. dba Maui Oceanic Properties Business Address: P. O. Box 881025 Pukalani, HI 96768</p> <p>Business Phone Number: 808-573-1487 E-mail Address: kathy@maui-oceanic-properties.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow and Title Services Business Address: 120 Hana Highway, Suite 4, Paia, HI 96779</p> <p>Business Phone Number: 808-579-8671</p>
<p>2.4 General Contractor</p>	<p>Name: N.A. Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self managed by the Association Business Address: P.O. Box 880603 Pukalani, HI 96768</p> <p>Business Phone Number: 808-572-7248</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Joel Eser Richman, Esq. Business Address: P.O. Box 791539 Paia, HI 96779</p> <p>Business Phone Number: 808-572-6293</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	October 26, 2007	2007-220255

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 27, 2008	2008-052033

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	September 29, 2007	2007-220256

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	4560
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

Are Proposed	<input type="checkbox"/>
Have Been Adopted and Date of Adoption	<input type="checkbox"/>
Developer does not plan to adopt House Rules	<input checked="" type="checkbox"/>

3.5 Changes to the Condominium Documents

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

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

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

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

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: December 26, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

<input 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.

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Reference is made to Exhibit B of this	Buyer may lose right to buy unit, Buyer's deposit to be refunded.
Public Report for the description of the mortgage affecting the property.	All mortgage liens will be paid in full from proceeds of sale of first Unit, all Units to be released from mortgage at that time.

5.4 Construction Warranties

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

Building and Other Improvements:

None

Appliances:

None

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

<p>Status of Construction: Unit 1025 was completed in 1985; Units 1025-A, 1025-B and 1025-C were completed in 1990.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

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

<p>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.</p>

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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

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

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

5.7 Rights Under the Sales Contract

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

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: Maui County Code, Title 19. Zoning Website to access official copy: http://ordlink.com/codes/maui/_DATA/TITLE19/index.html

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

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

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

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. Hazardous Substances. Developer neither prepared nor commissioned a Phase I Environmental Site Assessment and makes no representations or warranties whatsoever. Developer has made no independent investigation as to asbestos or other hazardous substances in the units 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. Buyer should have the unit inspected to determine the extent (if any) of such contamination and any necessary remedial action. Developer will not correct any defects in this Condominium Project or anything installed or contained therein and Buyer expressly releases Developer from any liability to Buyer if any hazardous materials are discovered within this Project.

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

3. Lead Based Paint. 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."

4. Pre-Existing Buildings. Since the buildings are all pre-existing 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.

5. Zoning. The Developer certifies that the property is zoned R-3 Residential by the County of Maui.

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

7. Flood Area. The subject property is not within a 100-year flood inundation area.

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

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

10. The Developer discloses that Dan M. Schulte (RS 62660) is a sales person for Project Broker Oceanic Enterprises, Inc. (RB 17858)

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

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

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

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Dan M. Schulte and Vicki J. Schulte, Trustees
Printed Name of Developer

By: *Dan M. Schulte, TR* *V. Schulte, TR* 4.14.08
Duly Authorized Signatory* Date

Dan M. Schulte, trustee and Vicki J. Schulte, trustee
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, COMMON ELEMENTS & LIMITED COMMON ELEMENTS

Four buildings are located in the condominium project, and are identified as Units 1025, 1025-A, 1025-B and 1025-C. All units are constructed primarily of wood, 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.

Any expansion, relocation, construction or reconstruction of Units 1025, 1025B and 1025C by any owner(s) thereof, as provided in the Declaration, shall be in conformance with all applicable building codes and zoning ordinances.

Unit 1025A of the project is an existing legal nonconforming dwelling (as defined by applicable building and zoning codes). Unit 1025A may be reconstructed as permitted by the original building permit and may be expanded or modified with a building permit, subject to the other applicable provisions of Title 19 of the Maui County Code, notwithstanding the provisions of Section 19.500.110. (Maui County Ordinance 2905, adopted October 6, 2000)

DESCRIPTION OF UNITS

The condominium shall consist of four (4) units designated as Units 1025, 1025-A, 1025-B and 1025-C, with Unit 1025 the southernmost and Unit 1025-C the northernmost. Each unit is shown on the Condominium Map.

Unit 1025 is a one-story residential dwelling containing 1,056 square feet of net living area and 40 square feet of storage area, and includes 3 bedrooms, two full bathrooms, a living/dining room, and a kitchen.

Unit 1025-A is a one-story residential dwelling containing 696 square feet of net living area and a 240 square foot carport, and includes 2 bedrooms, a full bath, a living room and a kitchen/dining room.

Unit 1025-B is a two-story residential dwelling, containing 2,208 square feet of net living area, an uncovered lanai of 160 square feet, storage area of 87 square feet, and a 12 square foot laundry. The second story includes three bedrooms, a full bathroom, a kitchen, a dining/living room, and two uncovered lanais. The first story includes two bedrooms, a full

bathroom, a den, a family room and the storage and laundry areas.

Unit 1025-C is a two-story residential dwelling, containing 2,208 square feet of net living area, an uncovered lanai of 160 square feet, storage area of 86 square feet, and a 127 square foot laundry/workshop. The second story includes three bedrooms, a full bathroom, a kitchen, a dining/living room, and two uncovered lanais. The first story includes two bedrooms, a full bathroom, a den, a family room and the storage and laundry/workshop areas.

Unit 1025 has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to Common Element 1 (Driveway), which provides access to a public road (Ailana Place) and Common Element 2 (Parking).

Unit 1025-A has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to Common Element 1 (Driveway), which provides access to a public road (Ailana Place) and Common Element 2 (Parking).

Unit 1025-B has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to Common Element 1 (Driveway), which provides access to a public road (Ailana Place) and Common Element 2 (Parking).

Unit 1025-C has direct access to its appurtenant limited common element on which the unit is located, which in turn provides access to Common Element 1 (Driveway), which provides access to a public road (Ailana Place). The appurtenant limited common element also provides direct access to Common Element 2 (Parking)

The boundaries of all Units are the exterior finished surface of all exterior walls, roofs, doors, windows, of the unit, and also include all foundations and underpinnings, and other appurtenant structures and facilities within said boundaries, as shown on the Condominium Map.

The responsibility for maintenance, repair, replacement and reconstruction and insurance of each unit is delegated to the owner(s) of said unit, and all of the cost thereof shall be borne by the owner(s) of said unit, at no cost to the owner(s) of any other unit or the association.

LOCATION, RELOCATION, AND NUMBERING OF UNITS

Each unit is located as shown on the condominium map. The units are numbered 1025, 1025-A, 1025-B and 1025-C, consecutively from south to north. As provided in Section K.2. of the Declaration, at the option of the

owner(s) of each unit, a unit may be relocated to any other location within the limited common element appurtenant to said unit. The boundaries of said unit may be changed by amendment to the Declaration as provided in Section K.2. of the Declaration. Provided however that, (a) all construction in connection therewith shall comply with all applicable zoning and building codes; and (b) no portion of the structure comprising a unit or other structure shall be constructed outside of the boundaries of the area designated for said unit or its limited common element as shown on the Condominium Map, or within any required setbacks.

APPROXIMATE AREA OF UNITS

Unit 1025	Existing structure with 1,056 square feet of gross floor area measured from the interior surface of boundary walls, and 40 square feet of storage considered part of the Unit. Total area of Unit 1025 is 1,096 square feet.
Unit 1025-A	Existing structure with 696 square feet of gross floor area measured from the interior surface of boundary walls, and 240 square feet of carport considered part of the Unit. Total area of Unit 1025-A is 936 square feet.
Unit 1025-B	Existing structure with 2,208 square feet of gross floor area measured from the interior surface of boundary walls, and 160 square feet of uncovered lanai area, 87 square feet of storage area, and 12 square feet of laundry area considered part of the Unit. Total area of Unit 1025-B is 2,467 square feet.
Unit 1025-C	Existing structure with 2,208 square feet of gross floor area measured from the interior surface of boundary walls, and 160 square feet of uncovered lanai area, 87 square feet of storage area, and 127 square feet of laundry/workshop area considered part of the Unit. Total area of Unit 1025-B is 2,581 square feet.

COMMON ELEMENT

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

- (a) The Property in fee simple;
- (b) Common Element 1 (Driveway), for access and utility purposes, having an area of 1,873 square feet, as shown on the Condominium Map;

- (c) Common Element 2 (Parking), for parking and utility purposes, having an area of 1,340 square feet, as shown on the Condominium Map; and
- (d) The limited common elements described below.

LIMITED COMMON ELEMENTS

Unit 1025 has appurtenant to it and for its exclusive use the land described in the condominium map as appurtenant thereto, having an area of 4,249 square feet. The map describes this area as "Limited Common Element 1025". A limited common element includes the land located underneath the unit located thereon.

Unit 1025-A has appurtenant to it and for its exclusive use the land described in the condominium map as appurtenant thereto, having an area of 3,582 square feet. The map describes this area as "Limited Common Element 1025-A". A limited common element includes the land located underneath the unit located thereon.

Unit 1025-B has appurtenant to it and for its exclusive use the land described in the condominium map as appurtenant thereto, having an area of 4,026 square feet. The map describes this area as "Limited Common Element 1025-B". A limited common element includes the land located underneath the unit located thereon.

Unit 1025-C has appurtenant to it and for its exclusive use the land described in the condominium map as appurtenant thereto, having an area of 6,484 square feet. The map describes this area as "Limited Common Element 1025-C". A limited common element includes the land located underneath the unit located thereon.

END OF EXHIBIT A

EXHIBIT B

ENCUMBRANCES AGAINST TITLE

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

3. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT

DATED : October 22, 1984
RECORDED : Liber 18333 Page 568
PARTIES : WARREN W. AUWAE and TRINIDAD L. AUWAE, husband and wife; and the COUNTY OF MAUI

4. Encroachment(s) of country of wire fence as shown on surveyor's map prepared by Sherman Dudley DePonte, Licensed Professional Land Surveyor, dated January 6, 1997, attached to Deed dated August 11, 1997, recorded as Document No. 97-119599.

5. MORTGAGE

LOAN/ACCOUNT NO. 2102978

MORTGAGOR : DAN M. SCHULTE and VICKI J. SCHULTE, Trustees of The Dan and Vicki Schulte Trust dated December 12, 2001

MORTGAGEE : BANK OF HAWAII, a Hawaii corporation

DATED : December 12, 2003
RECORDED : Document No. 2003-281096
AMOUNT : \$750,000.00

6. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR MAKAWAO MAKAI CONDOMINIUM

DATED : October 26, 2007
RECORDED : Document No. 2007-220255
MAP : 4560 and any amendments thereto

Said Declaration was amended by instrument dated ---
(acknowledged March 27, 2008), recorded as Document No.
2008-052033

7. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF OWNERS

DATED : September 29, 2007
RECORDED : Document No. 2007-220256

8. Real Property Taxes, if any, that may be due and owing.

Check with the Maui County tax assessor for further information.

www.mauipropertytax.com acct. # 240250200000

END OF EXHIBIT B

EXHIBIT C

ESTIMATED MONTHLY MAINTENANCE FEES

Unit	Common Interest Percentage	Monthly Base Common Expense	Monthly Reserve Contribution	Total Monthly Assessment
1025	23%	81.36	11.50	\$92.86
1025A	20%	70.75	10.00	\$80.75
1025B	22%	77.82	11.00	\$88.82
1025C	35%	123.81	17.50	\$141.31

Schedule of Estimated Maintenance Fees

	<u>MONTHLY</u>	<u>ANNUAL</u>
Landscape Contract	\$25.00	\$300.00
Water	150.00	\$1,800.00
Common Element Liability Insurance	41.67	500.00
Administrative costs	4.17	50.00
Taxes	80.25	963.00
 Total Expenses Before Reserve	 \$301.08	 \$3,613.00
 <u>Reserve(*)</u>		
Capital Reserve Contribution	\$50.00	\$600.00
 Subtotal Operating Expenses	 \$351.08	 \$4,213.00
 <u>Contingency</u>		
Contingency @ 15.0%	\$52.66	\$631.95
 TOTAL OPERATING EXPENSES	 \$403.75	 \$4,844.95

(*)Mandatory reserves assessment and collection in effect beginning 2008 budget year. A purchaser will become obligated to pay maintenance fees as of the date title to its unit vests.

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

NOTE: THE ABOVE FIGURES DO NOT ADD UP EXACTLY DUE TO ROUNDING

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

Reserve Calculation

Common Element Item	Current Useful Life (Years)	Estimated Replacement Cost	Annual Reserve
Driveway	30	\$10,000.00	\$333.33
Fence	15	\$4,000.00	\$266.67

Total Annual Reserve \$600.00

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


 DAN M. SCHULTE, Trustee

4/14/08
 Date


 VICKI J. SCHULTE, Trustee

4/14/08
 Date

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

ATTACHMENT 1 TO ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

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

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

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

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF SALES CONTRACT

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

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

The Sales Contract contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen 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 Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

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

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

END OF EXHIBIT E

EXHIBIT F

CHARMAINE TAVARES
Mayor

JEFFREY S. HUNT
Director

COLLEEN M. SUYAMA
Deputy Director



COUNTY OF MAUI DEPARTMENT OF PLANNING

March 18, 2008

Mr. Dan Schulte
P.O. Box 880603
Pukalani, Hawaii 96788

Dear Mr. Schulte:

**RE: PROPERTY LOCATED AT 1025 UKIU ROAD, MAKAWAO, MAUI,
HAWAII; TMK: (2) 2-4-025:020**

Thank you for your letter of January 30, 2008 that references our letter dated December 30, 2003 and the Development Service Administration's (DSA) letter dated January 28, 2008.

Our letter of December 30, 2003 erroneously stated the maximum allowable floor area for an accessory dwelling on a 21,554 square foot parcel. The maximum allowed floor area for the subject parcel should have been noted as 600 square feet and not 700 square feet.

DSA's letter of January 28, 2008 referred this matter to the Planning Department to determine if any variances or non-conforming approvals for the structure were made. On July 6, 1989, the County issued Building Permit No. 89/1652 for an accessory dwelling for the subject parcel. At that time, the parcel was regulated under the Interim Zoning Provisions of Title 19 of the Maui County Code since the property was not zoned under the Comprehensive Zoning Ordinance.

On October 6, 2000, the County comprehensively zoned the parcel as R-3, Residential by Ordinance 2905. Section 3, states, "Special use permits, conditional permits, and variances issued prior to the enactment of this ordinance shall remain in full force and effect for their duration, and their renewal shall be subject to the applicable provisions of Title 19, Maui County Code. Any dwelling or structure that was constructed with a building permit that was approved prior to the enactment of this ordinance need not acquire a County special use permit, conditional permit or variance and may be reconstructed as permitted by the original building permit(s), and such dwellings or structures may be expanded or modified with a building permit, subject to the other applicable provisions of Title 19, Maui County Code, notwithstanding the provisions of Section 19.500.110, Maui County Code." Therefore, the accessory dwelling constructed under Building Permit No. 89/1652 is designated as an existing legal nonconforming dwelling.

250 SOUTH HIGH STREET, WAILUKU, MAUI, HAWAII 96793
MAIN LINE (808) 270-7735; FACSIMILE (808) 270-7634

CURRENT DIVISION (808) 270-8205; LONG RANGE DIVISION (808) 270-7214; ZONING DIVISION (808) 270-7253

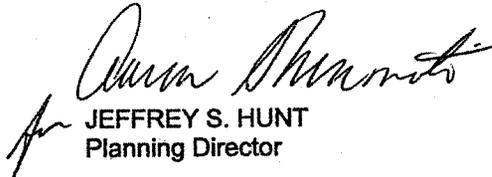
Mr. Dan Schulte
March 18, 2008
Page 2

Also, to the best of our knowledge, the subject property is in compliance with all applicable regulations pertaining to use, height, setback and parking. Additionally, we did not process any variances nor are we aware of any outstanding violations on the subject property.

Finally, we would like to note that this letter is not an approval of the sizes of the limited common elements and the property should not be construed as subdivided land.

If you have any further questions, please contact Francis Cerizo, Staff Planner, Francis.Cerizo@mauicounty.gov or by phone at 270-7771.

Sincerely,


JEFFREY S. HUNT
Planning Director

xc: Carolyn Cortez, Staff Planner
Francis Cerizo, Staff Planner

JSH:AHS:FAC:smb

08/ZAED File
Project TMK File
General File

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MAINE TAVARES
Mayor

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

MICHAEL M. MIYAMOTO
Deputy Director



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

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

January 28, 2008

Mr. Dan Schulte
385 Kaupakalua Road
Haiku, Hawaii 96708

**SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2007/0148 THROUGH 2007/0151
FOUR (4) SINGLE FAMILY DWELLINGS
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED AT 1025 UKIU ROAD, HAIKU, MAUI, HAWAII
TMK: (2) 2-4-025:020**

Dear Mr. Schulte:

This is regarding your October 22, 2007, requests for miscellaneous inspections on four (4) single family dwellings for a preliminary condominium public report on the subject property.

MISC 2007/0148 - DWELLING - UNIT 1025

- We made a plumbing inspection on November 5, 2007, an electrical re-inspection on November 20, 2007, and a building re-inspection on December 5, 2007, and found the premises to be in general compliance with applicable codes. Please note that we are unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued Building Permit #B 85/2079 on October 13, 1985, for the dwelling designated as Unit 1025.
- The county-assigned address for the dwelling is 1025 Ukiu Road.

MISC #2007/0149 - ACCESSORY DWELLING - UNIT 1025A

- We made plumbing and electrical inspections on November 5, 2007, and a building re-inspection on December 5, 2007, and found the premises to be in general compliance with applicable codes. Please note that we are unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued Building Permit #B 89/1652 on July 6, 1989, for the accessory dwelling with carport, designated as Unit 1025-A. The enclosed living area exceeds the allowable

January 28, 2008
Mr. Dan Schulte

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2007/0148 THROUGH 2007/0151
FOUR (4) SINGLE FAMILY DWELLINGS
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED AT 1025 UKIU ROAD, HAIKU, MAUI, HAWAII
TMK: (2) 2-4-025:020

Page 2 of 3

600 square feet. Please contact the Planning Department at 270-7250 to verify if there are any variances, or non-conforming approvals for the structure.

- The county-assigned address for the accessory dwelling is 1025A Ukiu Road.

MISC #2007/0150 - DWELLING - UNIT 1025B

- We made plumbing and electrical inspections on November 5, 2007, and a building re-inspection on December 5, 2007, and found the premises to be in general compliance with applicable codes. Please note that we are unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued Building Permit #B 89/1651 on July 6, 1989, for a dwelling with carport, designated as Unit 1025-B.
- We issued Building Permit #B 97/0595 on April 18, 1997, to convert the carport to a family room, and to add the storage and laundry closets.
- The county-assigned address for the dwelling is 1025B Ukiu Road.

MISC #2007/0151 - DWELLING - UNIT 1025C

- We made plumbing and electrical inspections on November 5, 2007, and a building re-inspection on December 5, 2007, and found the premises to be in general compliance with applicable codes. Please note that we are unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued Building Permit #B89/1650 on July 3, 1989, for a dwelling with carport designated as Unit 1025-C.
- We issued Building Permit #B97/0594 on April 18, 1997, to convert the carport to a family room, and to add storage closets and a laundry room.
- The county-assigned address for the dwelling is 1025C Ukiu Road.

January 28, 2008

Mr. Dan Schulte

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2007/0148 THROUGH 2007/0151
FOUR (4) SINGLE FAMILY DWELLINGS
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED AT 1025 UKIU ROAD, HAIKU, MAUI, HAWAII
TMK: (2) 2-4-025:020

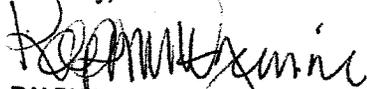
Page 3 of 3

OTHER COMMENTS

- There are no pending subdivisions, building and code appeals, or administrative waivers currently in process for the premises.
- We inspected the driveway on October 27, 2007, and found it to be in general compliance with applicable codes.
- 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 Robin Hong at 270-7250.

Sincerely,



RALPH M. NAGAMINE
Development Services Administrator

sn:rh S:\DSA\Permits\MISC-INSP\2007-0148_0149_0150_0151_schulte_rh.wpd

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

END OF EXHIBIT F

EXHIBIT G

Description of Common Interest is as follows:

Unit 1025 shall have a 23% undivided interest, Unit 1025-A shall have a 20% undivided interest, Unit 1025-B shall have a 22% undivided interest, and Unit 1025-C shall have a 35% undivided interest (hereinafter the "common interests") in all common elements of the Project and the same respective shares in all common profits and common expenses of the Project and for all other purposes, including voting, except for Maui County Department of Water Supply charges, which expenses shall be prorated by sub-metering.

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

END OF EXHIBIT G

EXHIBIT H

ARCHITECT'S REPORT AND INSPECTION SUMMARY NOTES



CWA Inc.
395 Dairy Road Suite "O"
Kahului, HI 96732
808 871 7110 Off
808 871 7111 Fax

April 9, 2008

State of Hawaii
Real Estate Branch
Department of Commerce and Consumer Affairs
250 South King Street, Room 702
Honolulu, Hawaii 96813

Re: Makawao Makai Condominium: Report of Condition of Existing Buildings
TMK: 2-2-4-025-016

Gentlemen:

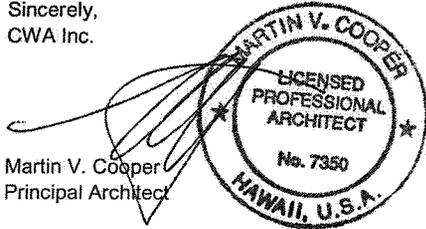
The undersigned is a licensed Hawaii architect, licensed no. 7350. This letter is being provided as required by HRS Section 514B-84 in connection with the registration of the above condominium under Chapter 514B.

Please be advised that Units 1025, 1025-A, 1025-B and 1025-C of the condominium, all four being more than five (5) years old, were physically inspected and a report of their existing conditions was provided to the owner on September 11, 2007. A copy of said report is attached hereto as Exhibit "A".

The undersigned hereby certifies to you that to the best knowledge and belief of the undersigned, the condition of said buildings is as set forth in Exhibit "A" hereto and the report attached hereto is true and accurate.

Sincerely,
CWA Inc.

Martin V. Cooper
Principal Architect





Professional Architectural Services • CWA Inc.

INSPECTION SUMMARY NOTES

MAKAWAO MAKAI CONDOMINIUM
TAX MAP KEY: (2)- 2 – 4 – 025 : 016

INSPECTION DATE: September 11, 2007.

Dear Mrs. Vicki J. Schulte & Mr. Daniel M. Schulte

An inspection of the subject property was conducted on September 11, 2007. The inspection of the dwellings more than five years old consisted of four dwellings.

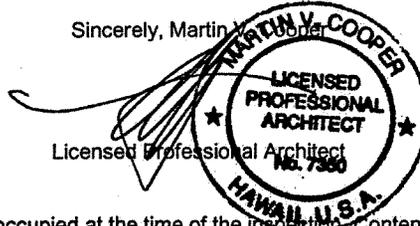
To the best of my knowledge and belief:

The plumbing and electrical systems were in compliance with current code and in safe sound operation.

The structure itself is in excellent condition considering the age of the building. It has been well maintained. There is no present obvious termite problem or damage. The roofing is fairly new having many years of life remaining.

If there are any questions after this report is reviewed, please call 808 871 7110.

Sincerely, Martin V. Cooper



Licensed Professional Architect
No. 7350

NOTE: The building was occupied at the time of the inspection. Contents of the Unit restrict the inspector's view of all surfaces and items.

GENERAL NOTES:

Unit 1025: The entry steps are wood framed and showed beginning signs of water damage but were structurally sound and in good working order at the time of the inspection. The carport storage doors also showed signs of water damage. The balance of the structure was in good working order and all building systems appeared to be in good condition.

Unit 1025-A: This structure was in excellent condition.

Unit 1025-B: The top step of the exterior wood framed stair well showed beginning signs of water damage, however the stairs structurally sound and in good working order at the time of the inspection. The balance of the structure was in good working order and all building systems appeared to be in good condition.

Unit 1025-C: The ceiling in the lower rear storage area showed signs of previous water damage. It was not clear if the in place repairs have stopped the potential for further damage. The current condition of the storage ceiling did appear to be sound structurally and the balance of the structure and all building systems appeared to be in good condition and working order.

395 Dairy Road, Suite "O" • Kahului, HI 96732 • (808) 871-7110 • FAX (808) 871-7111

END OF EXHIBIT H