

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

CONDOMINIUM PROJECT NAME	LOT 1 OLOWALU MAUKA CONDOMINIUM PROJECT
Project Address	256 Luawai Street Lahaina, Hawaii 96761
Registration Number	6824
Effective Date of Report	June 25, 2009
Developer(s)	Valley Isle Builders, Inc.

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. This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit (labeled as "Private Yard Area A" and "Private Yard Area B" on the Condominium Map) is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dashed 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. This Public Report does not constitute an approval of the Project by the Real Estate Commission or any other government agency.
3. This is an agricultural condominium project. If a Purchaser buys a unit in this Project, the Purchaser must adhere to the applicable agricultural requirements and uses mandated by Maui County ordinance and State law.
4. Purchasers should be aware that changes to State and County laws and ordinances may result in the inability to construct a dwelling within one or both of the Private Yard Areas or may place further restrictions on construction of dwellings within the Project.
5. Unit A is a 140-square foot shed to be constructed by the Developer, which is to be used for agricultural storage purposes. Unit B is a dwelling structure to be constructed by the Developer. There are governmental (County and possible State) restrictions on the number of residential dwelling units ("Farm Dwellings"), or other structures, that may be built on the property. Therefore, unless the Purchaser is buying an existing Farm Dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A FARM DWELLING (OR ANY OTHER STRUCTURE) ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County and State agencies to determine whether the Purchaser may build a Farm Dwelling (or any other type of structure) on the property and to determine the permits needed and other requirements for any such Farm Dwelling (or structure).
6. As explained more fully in Section 6 of this Report, under the zoning ordinance applicable as of the date of this Report, only one full-size Farm Dwelling (which may be limited by the rules of the County of Maui and must be within Private Yard Area A) and one Farm Dwelling with a total enclosed living area of 1,000 square feet (which must be within Private Yard Area B) are permitted in the Project. Any dwelling constructed within the Private Yard Area appurtenant to Unit A shall be designated as the "Unrestricted Farm Dwelling" (as defined in the Declaration), and the dwelling constructed within the Private Yard Area appurtenant to Unit B shall be designated as the "Restricted Farm Dwelling"(as defined in the Declaration) (the total of all enclosed living areas of the Restricted Farm Dwelling shall not exceed 1,000 square feet). THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE REQUIREMENTS FOR A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND ANY DWELLING IN THE AGRICULTURAL ZONE.
7. 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, including for interior roads and driveways.

8. In a condominium project, all of the land included in the condominium project 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 the other unit. For example, if one owner builds or adds to a structure in a manner that violates height limits, size limits, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, then the violation applies to the entire condominium project and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.
9. The condominium project is served by a private water company. Currently there is only one water meter for potable water and one meter for nonpotable water to the condominium project. Water use for both units will be billed to the Project's Association of Unit Owners by the Olowalu Water Company LLC, which is a regulated public utility. As described further in Section 6 of this Report, the charges for water use will be allocated among the unit owners as a "Benefited Expense", based on potable and/or nonpotable water used by each unit owner. The Developer makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection.
10. County sewer service is not available to the Project. Each unit is responsible for constructing and maintaining its own on-site disposal system within its Private Yard Area. The disposal system must be in compliance with all applicable laws and regulations, as well as the Declaration and the Master Declaration (as defined below). Prospective purchasers are urged to consult with an engineer concerning the requirements of said systems and the suitability of the site.
11. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agriculture-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, as further described in Section 1.16 of this Report, farm plans are required. As described above, any dwellings that are constructed within the Project may only be constructed and used as "Farm Dwellings". PURCHASERS SHOULD CONSULT WITH AN ATTORNEY AND/OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.
12. Recently enacted State law prohibits all private restrictions on agricultural uses and activities on agricultural zoned land. Any such restrictions are invalid if created after July 2003. PURCHASERS SHOULD BE AWARE THAT ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO PURCHASERS.
13. Ingress and egress from each unit to a public road is via Luawai Street, a private road (over which each unit has an access easement pursuant to the Roadway Declaration (defined in Exhibit E of this Developer's Public Report) and the Master Declaration), to Honoapiilani Highway, a public road.
14. Maui County Code Section 16.26.106.2.16 provides that building permits are NOT required for agricultural buildings less than 200 square feet in floor area. Therefore, because Unit A is an agricultural shed that is less than 200 square feet in floor area, it is possible that no building permit will have been obtained for the construction of Unit A.
15. As more fully explained on page 18e of this Developer's Public Report, improvements within the Project are subject to the architectural standards and use restrictions (the "Design Guidelines") contained in Exhibit "B" of the Master Declaration. The Master Declaration establishes a "Design

Review Committee", the members of which are various lot owners within the Olowalu Mauka Subdivision (not including Developer). No structure that is or will be visible from a road or from any other property in the Olowalu Mauka Subdivision may be constructed without the prior written approval of the Design Review Committee, and no feature, once built, may be externally remodeled, or otherwise visually altered to any material extent without the prior written approval of the Design Review Committee. Each Buyer is advised to consider whether any improvements that might be contemplated by the Buyer within the Unit's Private Yard Area (a) meet the Design Guidelines and (b) can and will be approved by the Design Review Committee, which is not controlled by the Developer.

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

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Not Applicable
Address of Project	256 Luawai Street Lahaina, Hawaii 96761
Address of Project is expected to change because	Each unit may be given a separate letter designation to differentiate it from the other unit.
Tax Map Key (TMK)	(2) 4-8-3:10
Tax Map Key is expected to change because	When the condominium project is created, the TMK number for the Project property will change to reflect the individual units.
Land Area	5.001 acres
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	Two
Floors Per Building	One
Number of New Building(s)	Two
Number of Converted Building(s)	
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Unit A: Aluminum, concrete, steel, and related building materials Unit B: Wood, glass, concrete, aluminum, and related building materials

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
A	1	0/0	0	140 sf	Shed	140 sf
B	1	2/2	870 sf	912 sf	Deck (400 sf), Garage (400 sf), Agric. storage (112 sf)	1,782 sf
See Exhibit A.						

2	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:	4
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	Unit A has space within its Private Yard Area for 2 cars; Unit B has a 2-car garage
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: **See Exhibit A.**

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): **See Exhibit B** of this Public Report.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". Except as otherwise provided in the Declaration or Bylaws, it is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit ____.

As follows:

Unit A: 50%

Unit B: 50%

100%

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

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

Described in **Exhibit C.**

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

Described in **Exhibit D**

Described as follows:

1.11 Special Use Restrictions

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

<input checked="" type="checkbox"/>	Pets: See Exhibit K for provision regarding animals.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit K As permitted by the agricultural zoning of the property, the condominium documents, and the Master Declaration (described on page 18d of this Developer's Public Report).
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

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

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

Date of the title report: April 20, 2009

Company that issued the title report: Old Republic Title & Escrow 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 type="checkbox"/>	Residential		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Agricultural	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Ag
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other(Specify): Shed	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Ag
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			Not applicable	

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 type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit ____ 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 non-conforming 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 style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p> <p>As of the date of this Report, the County of Maui Department of Planning requires that a Farm Plan be filed with the Department of Planning prior to the issuance of a building permit for the first Farm Dwelling to be built within the Project, and that, prior to the issuance of a building permit for the second Farm Dwelling to be built within the Project, the Farm Plan must be implemented. The Farm Plan requires that not less than 50% of the land area in the Project must be used for agriculture or agricultural land conservation, and sets forth (a) the type of farming activity to be conducted on the designated farming areas ("Farm Plan Activities"), and (b) the areas within the Project that Farm Plan Activities must occur. See Exhibit F.</p> <p>The Developer has filed an initial Farm Plan with the County Department of Planning, which includes an agricultural plot plan for the Project (the "Farm Plan Map") (see Exhibit F), showing the areas initially established for Farm Plan Activities. Pursuant to the Farm Plan, Private Yard Area A shall at all times maintain at least 62,215 square feet (1.43 acres) as designated farming areas, and Private Yard Area B shall at all times maintain at least 48,863 square feet (1.12 acres) designated farming areas (collectively, the "Farm Plan Area"). Upon taking title to a unit, each owner will be required to keep and maintain such owner's unit and Private Yard Area in full and complete compliance with the Farm Plan.</p> <p>Prior to changing the Farm Plan Activities within the Farm Plan Area of a unit's Private Yard Area, the unit owner is required to submit an amendment to the Farm Plan with the County. Subject to the provisions in Section G.7 of the Declaration (see also Section 6 of this Report), each owner shall have the right at such owner's sole cost and option, at any time and from time to time, without the consent and/or approval of the owner of the other unit or any other Persons, to amend the Farm Plan to (1) change the type of Farm Plan Activities occurring within such owner's Private Yard Area, and/or (2) modify the locations within such owner's Private Yard Area that are designated in the Farm Plan Map as being part of the Farm Plan Area, provided that (A) such changes only relate to such amending owner's Private Yard Area, (B) such owner amends the Farm Plan on file with the County Department of Planning as provided in Section G.7 of the Declaration, and (C) each owner at all times maintains the minimum required square footage set forth above in Farm Plan Activities. Each amending owner will have the right without the consent or joinder of any other person to amend the Farm Plan to accomplish the changes authorized by the previous sentence. All owners and their mortgagees, by accepting an interest in a unit, consent to such changes to the Farm Plan Activities and amendments of the Farm Plan and agree to give and shall be deemed to have given the amending owner a power of attorney to execute an amendment to the Farm Plan solely for the purpose of amending the Farm Plan to reflect the changes authorized above.</p>	

As such, the amending owner shall have a power of attorney from all the other owners to execute such amendment to the Farm Plan and the Farm Plan Map. This power of attorney shall be deemed coupled with each owner's interest in the unit (including the Common Interest) and shall be irrevocable.

If, notwithstanding the foregoing, the County requires the signature of the non-amending owner(s) on the Farm Plan amendment, then, within 10 days after receiving the request by the amending owner, each non-amending owner shall sign a consent to such action or change being made by the amending owner and shall, at no cost to the non-amending owner, consent to, join in, and execute all instruments or documents necessary or desirable to allow the amending owner to amend the Farm Plan.

See also additional information in Section 6 and Exhibit K of this Report.

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: Valley Isle Builders, Inc.</p> <p>Business Address: 283 Wili Ko Place, Suite 10 Lahaina, Hawaii 96761</p> <p>Business Phone Number: 808-385-0353 E-mail Address: Lars@ValleyIsleBuilders.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>Lars Bertelsen – President and Vice President Bruce Curtis – Chairman, Secretary and Director Wella Keller - Treasurer</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Joseph D. Pluta Business Address: 181 Lahainaluna Road, Ste. 1, Lahaina, HI 96761</p> <p>Business Phone Number: 808-661-7990 E-mail Address: pluta@maui.net</p>
<p>2.3 Escrow Depository</p>	<p>Name: Old Republic Title & Escrow of Hawaii, Inc. Business Address: 33 Lono Avenue, Suite 170 Kihei, HI 96732</p> <p>Business Phone Number: 808-871-8828</p>
<p>2.4 General Contractor</p>	<p>Name: Valley Isle Builders, Inc. Business Address: 283 Wili Ko Place, Suite. 10 Lahaina, Hawaii 96761</p> <p>Business Phone Number: 808-385-0353 E-mail Address: Lars@ValleyIsleBuilders.com</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: None; self-managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Schneider Tanaka Radovich Andrew & Tanaka, LLLC Attn.: David F. Andrew Business Address: 1100 Alakea Street, Suite 2100 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-792-4200</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	May 1, 2009	2009-096432

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	May 1, 2009	2009-096433

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	4810
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%	100%
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"/>	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: See Exhibit G

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 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

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 H 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 checked="" type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water (potable and/or nonpotable water, unless and until separately metered)*
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

*Charges for water usage will be apportioned as provided in Section 6 of this Report.

4.4 Utilities to be Separately Billed to Unit Owner

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

*Charges for water usage will be apportioned as provided in Section 6 of this Report.

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit I 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: November 7, 2008 Name of Escrow Company: Old Republic Title & Escrow of Hawaii, Inc. Exhibit J contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

<u>Type of Lien</u>	<u>Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage and related financing statements, securing loan(s) to the Developer.	The mortgage will be released as to the unit being conveyed at the time of conveyance. If there is a default and foreclosure of the mortgage prior to conveyance, the buyer's contract will be subject to cancellation and the buyer may lose the right to buy the unit, but will receive his/her deposit back, less a cancellation fee.

The buyer intentionally waives, relinquishes, and subordinates the priority or superiority of any lien or other legal or equitable interest arising under the buyer's Sales Contract in favor of the liens or charges on the Project granted by the Developer to the Developer's lender.

5.4 Construction Warranties

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

Building and Other Improvements: None

Appliances: None, but note the following:

The Developer makes no warranties itself with respect to appliances or other consumer products installed in any unit or in the common elements. However, the Developer will attempt to assign to each unit owner the benefit of any manufacturer's or dealer's warranties covering the appliances or other consumer products or goods in his or her unit (if any). Each unit owner shall have the direct benefit of any such warranties, if the Developer's attempted assignment is successful and binding. These warranties, if available, may expire at different times, depending on the date of manufacture, sale or installation of the appliances.

Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship, and any other express or implied warranties, with respect to any appliances and furnishings contained within the units or the Project.

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

Status of Construction: Construction on neither of the units has commenced.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Article IV, Section F.2 of the Sales Contract provides as follows: "Subject to the occurrence of Force Majeure (defined below), the [Developer] agrees that construction of the Unit will be completed on or before two years after [the] Agreement "becomes binding" (as described in Section 514B-89 of the Act) (the "Completion Deadline"). In the event of an occurrence of Force Majeure, the [Developer] shall have the right to extend the Completion Deadline to such date as the [Developer] shall reasonably determine in light of the effect of the Force Majeure event, as set forth in a written notice delivered to the Buyer. "Force Majeure" means an event that is beyond the [Developer's] reasonable control (but that is not due to the neglect or inaction of the [Developer]), including, but not limited to: action or inaction by any government agency that results in a delay in the approval/permitting process for the completion of the Unit or the common elements; acts of God; fire or casualty; actions of the elements; strikes, lockouts or other labor trouble; inability to procure or general shortage of labor, equipment, facilities, materials or supplies; failure of transportation or power; or terrorism, riots, insurrection or war. Pursuant to Section 514B-89 of the Act, the Buyer may cancel this Agreement at any time after the Completion Deadline, if completion of construction of the Unit does not occur on or before the Completion Deadline (as it may be extended due to a Force Majeure event); provided, however, that once the Buyer takes possession of the completed Unit, the Buyer's right to cancel this Agreement pursuant to Section 514B-89 of the Act shall be deemed waived."
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

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

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

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

<p>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 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: (A) Olowalu Mauka Declaration of Covenants, Conditions and Restrictions, dated July 15, 2002, and recorded as Document No. 2002-138595, and its amendment dated November 19, 2007, and recorded as Document No. 2007-209922; and (B) Declaration of Non-Exclusive Perpetual Easements for Roadway Purposes (Roads serving Olowalu Mauka), dated July 15, 2002, and recorded as Document No. 2002-138597, and its amendments dated August 13, 2002, and recorded as Document No. 2002-143258; and dated April 15, 2009, and recorded as Document No. 2009-060433.

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. Agricultural Restrictions. The Project and the units are located within the State of Hawaii agricultural land use district, which is governed by Hawaii Revised Statutes ("HRS") Chapter 205, and within the County Agricultural zoning district, which is governed by Maui County Code ("MCC") Title 19. The Project and the Units are also subject to that certain Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District, dated September 24, 2007, and recorded in the Bureau of Conveyances as Document No. 2007-180337 (the "Unilateral Farm Dwelling Agreement"). For so long as such governmental designations remain in effect and applicable and as long as the units are subject to the Unilateral Farm Dwelling Agreement, all uses of the units and their respective Private Yard Areas must be in compliance with applicable provisions of HRS Chapter 205 and MCC Title 19 relating to permissible uses within the agricultural district and Agricultural zone. One such requirement is that a dwelling must qualify as a "Farm Dwelling" under HRS Chapter 205 and MCC Title 19. Among other requirements, Maui County requires that a "Farm Plan" be submitted to the Maui County Department of Planning. The requirements for the Farm Plan are explained more fully in Section 1.16 of this Report, and the Project's Farm Plan on file with the Department of Planning is attached as Exhibit F to this Report.
2. Maui County Enforcement of Agricultural Restrictions. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring Agricultural-zoned land to be used only for those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. PURCHASERS SHOULD CONSULT WITH AN ATTORNEY OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.
3. Zoning and Land Use Violations. In a condominium project, all of the land included in the condominium project 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 the other unit. For example, if one owner builds or adds to a structure in a manner that violates height limits, size limits, 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 project and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.
4. Building Restrictions; Indemnification; Waiver. As described below, there are certain County restrictions on the number of residential dwelling units, or other structures, that may be built on the land underlying the Project. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.
 - (a) Limitations on Size of Unit B Farm Dwelling Due to Zoning. As of the date of this Report, the Land underlying the Project is zoned "Agricultural" by the County, and has a total area of approximately five acres (or 217,800 square feet). Under the County zoning ordinance in effect as of the date of this Report, only two Farm Dwellings are permissible within the Project: one Unrestricted Farm Dwelling and one Restricted Farm Dwelling. The total of all enclosed living areas of the Restricted Farm Dwelling shall not exceed 1,000 square feet. As long as the County zoning shall restrict the size and number of dwellings, Unit B (and any alterations thereto) shall be the Restricted Farm Dwelling and may not be expanded beyond the size limitation applicable to the Restricted Farm

Dwelling (currently 1,000 square feet), as set forth in the Maui County Code zoning ordinance, and any dwelling constructed within the Private Yard Area appurtenant to Unit A shall be the Unrestricted Farm Dwelling, which may be larger in size. Provided all applicable County permits (including building permits) are obtained and all applicable requirements of the County, the Master Declaration, and the Declaration are met, only one Farm Dwelling may be built within Private Yard Area A and only one Farm Dwelling, which must be a Restricted Farm Dwelling, may be built within Private Yard Area B (subject to the foregoing limitations). No other dwellings can be built within the Project.

- (b) "Enclosed Living Areas". For purposes of the foregoing, as set forth in Section G.7 of the Declaration, the County interprets "enclosed living areas" as excluding garages, but only if such garages: do not contain appliances associated with a dwelling, such as refrigerators, freezers, washers, or dryers; do not contain or serve as non-agricultural storage or non-agricultural accessory storage; and are not used for dwelling, recreation, entertainment, or other living purposes (e.g., as a bedroom, entertainment room, or recreation room). As such, any garage constructed within Private Yard Area B that is not intended to be included within the 1,000-square foot limitation shall not contain any appliances associated with a dwelling, such as refrigerators, freezers, washers, or dryers, shall not contain any non-agricultural storage or non-agricultural accessory storage, and shall not be used for any purpose other than parking automobiles or uses that are accessory to parking automobiles. Further, enclosing a lanai, deck, or other such unenclosed area will render such area as an "enclosed living area," the square footage of which shall count against the 1,000-square foot limitation. It is each Unit Owner's responsibility to consult with the County regarding all alterations to their Unit (including the initial construction of a Farm Dwelling) and the impact of such alterations on the Unit's and the Unit's Private Yard Area's continuing compliance with the foregoing building restrictions. A Unit Owner's (or Unit's Occupant's) failure to comply with the County's interpretation of the definition of "enclosed living areas" or failure to comply with the County's, the Master Declaration's or the Declaration's other restrictions on Farm Dwellings will likely result in the Unit Owner's violation of the foregoing building restrictions and/or County laws, thereby subjecting the Unit and the Unit Owner to the remedies set forth under the law and/or in the Declaration that are available to Declarant, the other Unit, and/or the other Unit Owner. Such remedies may include injunctive relief and/or damages.
- (c) Potential Future Changes to State Laws and/or County Ordinances. Purchasers should be aware that changes to State and County laws and ordinances may result in the inability to construct a dwelling within one or both of the Private Yard Areas or may place further restrictions on construction of dwellings within the Project.
- (d) Indemnification of the Developer by Unit B Owner. The Declaration provides that the Unit B Owner shall indemnify the Developer for any damages or losses incurred by the Developer, including attorneys' fees and costs, resulting from any claims brought against the Developer by the Unit A Owner arising from or in connection with the Unit B Owner's violation of the building restrictions or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of the Declaration. THE PROSPECTIVE PURCHASER OF UNIT B IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THIS INDEMNIFICATION AND ITS LEGAL RAMIFICATIONS SHOULD THE PURCHASER OF UNIT B VIOLATE THE ABOVE-MENTIONED PROVISIONS.
- (e) Waiver of Certain Claims Against Developer by Unit A Owner. The Declaration also provides that the Unit A Owner acknowledges and agrees that the Developer makes no warranties, express or implied, with respect to the Unit B Owner's compliance with the

building restrictions (and other restrictions set forth in Section G.7 of the Declaration) and/or with respect to the effects that any violation of the building restrictions (and other restrictions set forth in Section G.7 of the Declaration) may have on the Unit A Owner or Unit A. By taking title to Unit A, the Unit A Owner irrevocably waives, releases, and discharges the Developer from any and all losses, liabilities, claims, costs, damages, demands, and expenses (including, but not limited to, attorneys' fees) incurred by the Unit A Owner arising from or in connection with the Unit B Owner's violation of the provisions of the foregoing building restrictions (and other restrictions set forth in Section G.7 of the Declaration) or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of the Declaration. By taking title to Unit A, the Unit A Owner acknowledges and agrees that his or her sole remedy and recourse for such violations by the Unit B Owner shall be against the Unit B Owner, pursuant to Section N.2 of the Declaration. THE PROSPECTIVE PURCHASER OF UNIT A IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THIS WAIVER AND ITS LEGAL RAMIFICATIONS SHOULD THE PURCHASER OF UNIT B VIOLATE THE ABOVE-MENTIONED PROVISIONS.

(f) Indemnification of the Developer by Unit A Owner. The Declaration provides that the Unit A Owner shall indemnify the Developer for any damages or losses incurred by the Developer, including attorneys' fees and costs, resulting from any claims brought against the Developer by the Unit B Owner arising from or in connection with the Unit A Owner's violation of the building restrictions or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of the Declaration. THE PROSPECTIVE PURCHASER OF UNIT A IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THIS INDEMNIFICATION AND ITS LEGAL RAMIFICATIONS SHOULD THE PURCHASER OF UNIT A VIOLATE THE ABOVE-MENTIONED PROVISIONS.

(g) Waiver of Certain Claims Against Developer by Unit B Owner. The Declaration also provides that the Unit B Owner acknowledges and agrees that the Developer makes no warranties, express or implied, with respect to the Unit A Owner's compliance with the building restrictions (and other restrictions set forth in Section G.7 of the Declaration) and/or with respect to the effects that any violation of the building restrictions (and other restrictions set forth in Section G.7 of the Declaration) may have on the Unit B Owner or Unit B. By taking title to Unit B, the Unit B Owner irrevocably waives, releases, and discharges the Developer from any and all losses, liabilities, claims, costs, damages, demands, and expenses (including, but not limited to, attorneys' fees) incurred by the Unit B Owner arising from or in connection with the Unit A Owner's violation of the provisions of the foregoing building restrictions (and other restrictions set forth in Section G.7 of the Declaration) or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of the Declaration. By taking title to Unit B, the Unit B Owner acknowledges and agrees that his or her sole remedy and recourse for such violations by the Unit A Owner shall be against the Unit A Owner, pursuant to Section N.2 of the Declaration. THE PROSPECTIVE PURCHASER OF UNIT B IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THIS WAIVER AND ITS LEGAL RAMIFICATIONS SHOULD THE PURCHASER OF UNIT A VIOLATE THE ABOVE-MENTIONED PROVISIONS.

5. Setbacks. No structures may be placed in any setback, the locations of which are depicted on the Condominium Map. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER ATTORNEY CONCERNING THIS ISSUE.
6. Prohibition on Private Restrictions on Agricultural Uses and Activities. State law prohibits certain private restrictions on agricultural uses and activities on Agricultural-zoned land. As such, restrictions prohibiting certain agricultural activities that might be considered a nuisance may not

be enforceable. ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE EFFECT OF THE FOREGOING ON THE PROSPECTIVE PURCHASER'S INTENDED USE OF THE UNIT AND PRIVATE YARD AREA.

7. Hawaii Right to Farm Act. Because the Project and surrounding property is zoned "Agricultural", purchasers should be aware that the Hawaii Right to Farm Act (HRS chapter 165) and other provisions of Hawaii law limit the circumstances under which farming operations may be deemed to be a nuisance.
8. Potable and Nonpotable Water. Potable and nonpotable water will be provided by a private water company, Olowalu Water Company LLC, which is a regulated public utility. As of the date of this Report, the current cost of a potable water meter is approximately \$3,300, plus the cost to install the meter, which may range from \$2,000 to \$7,000, depending on the site and location of the second meter. The current cost of a nonpotable water meter and installation is approximately \$3,000 to \$5,000, depending on the site and location of the second meter. Additionally, Olowalu Water Company charges a "standby" monthly rate for each meter (between \$15 and \$22, depending on the size and type of meter), and monthly fees for potable and nonpotable water usage. Purchasers should contact the Olowalu Water Company at (808) 877-4202 for more information. Notwithstanding the foregoing, the Developer makes no warranties or representations as to the quality or quantity of water service or as to the adequacy of fire protection or terms of service.
9. Potable Water Source; Chlorination. The Olowalu Water Company obtains potable water from the Olowalu Well. The Olowalu Well is a groundwater source, drawing from the underground Olowalu Aquifer. Water from the well is chlorinated to ensure that the water meets the Safe Drinking Water Regulations of the EPA and the State of Hawaii Department of Health. The Olowalu Well is located in a remote section of Olowalu Valley, mauka of major human activities. As such, the potential for human land use related activity contaminating the water is minimized. According to reports submitted to Olowalu Water Company customers, the results of the 2007 testing of the water were all within limits prescribed by the EPA and the State. The Department of Health completed a source water assessment of the Olowalu Water System in 2004 and this assessment is available from the Olowalu Water Company at the contact information referenced above. Notwithstanding the foregoing, the Developer makes no warranties or representations as to the quality or quantity of water services, or whether the service will continue in the long run.
10. Fire Protection. The Project is subject to agreements with the County of Maui acknowledging that the County's fire protection facilities and water supply may be inadequate to protect the buildings in the event of fire. PROSPECTIVE PURCHASERS SHOULD CONSULT AN ENGINEER AND INSURANCE CARRIERS IN ORDER TO EVALUATE THE RISKS AFFECTING THIS PROPERTY.
11. Shared Water Meters.
 - (a) Obtaining Second Water Meters (Unit A); Sub-Meters. As of the date of this Report, there is one existing potable water meter and one existing nonpotable water meter for the Project, the locations of which are depicted on the Condominium Map and labeled as "potable water" and "irrigation water". The existing meters will be limited common elements appurtenant to Unit B, unless the unit owners are required to share the existing meters, as described further below. The owner of Unit A is responsible for applying for or requesting second water meters for potable and nonpotable water from the Olowalu Water Company prior to the time, if ever, such owner completes construction on his or her Farm Dwelling. The cost of the second water meters shall be borne solely by the

Unit A owner. If the issuance of the second water meters is delayed or denied by the Olowalu Water Company, then the Project may be required to share water meters for potable and nonpotable water for a period of time. In such a case, if the owner of Unit A is unable to obtain a second meter for potable and/or nonpotable water at the time construction on his or her Farm Dwelling is complete (if ever), then he or she will be required to obtain and install two sub-meters for each water meter (potable or nonpotable, as applicable) that he or she was unable to obtain from the Olowalu Water Company. The cost of such sub-meters shall be borne solely by the Unit A owner.

- (b) Procedures for Sharing Water Meters. If the sharing of water meters is required, then each unit and its appurtenant limited common element shall be entitled to an equal share of the water provided by the shared water meters, even though one Private Yard Area and one unit is bigger than the other. Actual use by each unit shall be measured by the sub-meters installed and maintained to measure actual use by each unit, and each unit shall pay a portion of the Olowalu Water Company charges, based on actual use as determined via the sub-meters described above. As further described below, payments for water shall be made according to the procedures set forth in Section 6.8 of the Bylaws. The responsibilities for reading the sub-meters and determining costs, etc., are set forth below. The cost of nonpotable water used for irrigation of common elements shall be a Common Expense to be shared and paid equally by the owners of the two units in the Project.

12. Easement and Installation of Water Lines. The Unit B owner, at his or her sole cost and expense, will be responsible for installing water lines (including trenching) from the point where the existing meters (or sub-meters) are installed to the Unit B owner's Farm Dwelling and/or Private Yard Area. Unless otherwise agreed in writing by the Unit A owner, the water lines may only be located in the Easement U-1 area (as shown on the Condominium Map). The Unit B owner will have an easement over, under, and across a portion of Private Yard Area A for water line purposes, as set forth in Section E.8 of the Declaration.
13. Master Declaration. The units and the Project are subject to the restrictions, covenants, conditions, easements and other matters contained in that certain Olowalu Mauka Declaration of Covenants, Conditions and Restrictions dated July 15, 2002, recorded in the Bureau of Conveyances as Document No. 2002-138595, as amended by that certain Amendment to Olowalu Mauka Declaration of Covenants, Conditions and Restrictions, dated November 19, 2007, Recorded as Document No. 2007-209922, and as may be further amended and/or supplemented from time to time (the "Master Declaration"). The Master Declaration governs the Olowalu Mauka subdivision (the "Master Subdivision") in which the Project is located, and contains many important provisions and restrictions relating to the Project and the Purchaser's ownership and use of the Property.
14. Voting in the Master Association. Upon conveyance of a unit to the Purchaser, the Purchaser will become a member of the Master Subdivision's association of lot owners, being the Olowalu Mauka Association (the "Master Association"). As a member of the Master Association, the Purchaser, along with other Master Association members, will be entitled to vote on matters pertaining to the Master Subdivision and the Master Association. For purposes of voting rights in the Master Association, the Project shall have one "vote." Pursuant to the Bylaws of the Master Association, the Project's one vote may be exercised by any unit owner who is present at any Master Association meeting, provided there is no protest by the other unit owner. In the case of protest, each unit owner shall be entitled to only a share of such vote in proportion to his or her ownership in the Project. Accordingly, each unit in the Project shall be entitled to one-half of one vote in Master Association matters.

15. Master Association Assessments. Among other things, the Master Declaration obligates owners of lots in the Master Subdivision, including the owners of the units in the Project, to pay for certain maintenance and other fees ("Master Association Assessments") to the Master Association in support of the Master Association. For purposes of payment of Master Association Assessments, the Master Declaration deems the land comprising the Project as one "lot" in the Master Subdivision. Accordingly, the owners of each of the units in the Project (including the Purchaser) will be obligated to pay one-half of the Master Assessment assessed against the Project as a whole. One unit owner's failure to pay his or her share of the Master Assessment assessed against the Project may be deemed by the Master Association to be a violation by both unit owners. Accordingly, each unit owner (including the Purchaser) may be jointly and severally liable for the Project's entire share of the Master Association Assessments. Without limiting the foregoing or the Master Declaration, the Master Declaration provides for lien rights upon each lot in the Subdivision, including the land comprising the Project, for non-payment of such assessments. Pursuant to Section 6.8 of the Bylaws, each unit owner, including the Purchaser, shall be responsible for payment of its share of the Master Association Assessments directly to the Master Association. Any fine or levy against one of the unit owners that is the responsibility of only one unit owner shall be paid directly to the Master Association by such unit owner.
16. Obligation to Comply with the Terms and Provisions of the Master Declaration. By acquiring ownership of the Property, the Purchaser, on behalf of the Purchaser and the Purchaser's lessees, tenants, guests, invitees, licensees, employees, and any other person who may occupy or otherwise use the Property (collectively, in this paragraph, the "Purchaser"), must observe and perform all of the terms, covenants, conditions and provisions required to be observed and performed by an "Owner" under the Master Declaration; and must abide by all of the applicable terms, covenants, conditions and provisions set forth in the Master Declaration, and all bylaws, design standards, rules and regulations and other items or matters adopted or promulgated pursuant to, or contained in, the Master Declaration, including those of the Master Association.
17. Design Guidelines and Design Review Committee. The Project (including both units) is subject to the architectural standards and use restrictions (the "Design Guidelines") contained within and otherwise promulgated and administered pursuant to the Design Standards incorporated into Exhibit "B" of the Master Declaration. Section 4.02 of the Master Declaration establishes a "Design Review Committee", the members of which are various lot owners within the Olowalu Mauka Subdivision (not including Developer). No structure that is or will be visible from a road or from any other property in the Olowalu Mauka Subdivision may be constructed without the prior written approval of the Design Review Committee, and no feature, once built, may be externally remodeled, or otherwise visually altered to any material extent without the prior written approval of the Design Review Committee. Among other things, the Design Guidelines regulate and/or relate to the following: (a) setbacks (which are shown on the Condominium Map); (b) the prohibition on changing the natural or existing drainage patterns without the consent of the Design Review Committee; (c) the design of any retaining walls; (d) the requirement that all swimming pool equipment and housing (for pool equipment) be shielded; (e) the prohibition on temporary, plastic, or pre-fabricated swimming pools above the natural grade; (f) that vehicles not be parked continuously or regularly on common area roadway lots within the Olowalu Mauka Subdivision; (g) that boats or trailers parked on any lot shall not be visible from any adjacent lot and shall not be parked on any roadway; (h) that no visible antennas or satellite dishes greater than one meter in width are permitted; and (i) all garages must be fully enclosed with garage doors. Additionally, the Design Guidelines provide that the architectural character of all buildings shall be of a contemporary "Polynesian" style and/or a contemporary "Plantation Managers Style." One story buildings are encouraged, but two story portions may be accepted when the design does not appear excessive in height. Building heights, measured at the highest point on the exterior roof, shall not exceed thirty feet.

Each Buyer is advised to consider whether any improvements that might be contemplated by the Buyer within the Unit's Private Yard Area (i) meet the Design Guidelines and (ii) can and will be approved by the Design Review Committee, which is not controlled by the Developer.

18. Insurance. The owner(s) of each unit shall obtain his, her or their own insurance to cover fire and casualty loss. Also each unit should be separately insured against liability risks, and each policy should name the owner(s) of the other unit as a named or additional insured. Buyers are urged to review the insurance requirements with their insurance advisors.
19. Responsibilities and Procedures for Actual Payment of Expenses, Sub-Meter Reading, Distribution of Correspondence from Third Parties. As described in further detail in Sections 6.8 and 4.4 of the Bylaws, the Developer, the owner of the second unit in the Project conveyed by the Developer, and/or the President of the Association (who will be the owner of Unit A, unless the unit owners agree otherwise), will have certain obligations for: obtaining insurance for the common elements of the Project; reading, on a monthly basis, any sub-meters installed for the measurement of potable and/or nonpotable water; collecting and distributing correspondence relating to the units and the Association; calculating and allocating expenses that are shared by the unit owners or the Association; and advising the other unit owner of the amount due for such expenses.

Unless the Board of Directors of the Association (the "Board") determines otherwise, each unit owner shall pay its unit's share of expenses directly to the third party vendor or entity invoicing the Association when such payment is due. For example, each unit owner shall be obligated to pay his or her proportionate share of any Master Association Assessment directly to the Master Association and his or her share of potable and nonpotable water fees to the entity providing such water when due.

PROSPECTIVE PURCHASERS SHOULD CONSULT SECTIONS 6.8 AND 4.4 OF THE BYLAWS FOR MORE INFORMATION REGARDING THESE RESPONSIBILITIES.

20. Septic Systems. County sewer service is not available to or for the units. Each purchaser must install and maintain its own septic disposal system, which must be located within such purchaser's Private Yard Area, as depicted on the Condominium Map. Purchasers are urged to consult with an engineer concerning the requirements of septic systems and the suitability of the site for a septic system. Thereafter, each Owner is responsible for the cost of maintaining, operating, and/or replacing such Owner's septic system, which may require periodic pumping of the septic tank by a licensed professional, adding chemicals or other recommended additives to the wastewater to manage the elements in the septic tank, and ensuring the leach field is not inundated with solids or other material. Such systems shall also be subject to Section 3.18 of the Master Declaration.
21. 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, including for interior roads and driveways.
22. Hazardous Material. The Developer neither prepared nor commissioned a Phase I Environmental Site Assessment and makes no representations or warranties whatsoever with respect to the condition of the Project (including the units and/or Private Yard Areas), or of hazardous materials on, about, around, under, over, or within the the Project (including the units and/or Private Yard Areas). The 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. The Developer will not correct any defects in the units or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered.

23. Rollback Taxes. The land underlying the Project may be subject to rollback real property taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property tax assessment. Please refer to the Director of Finance, County of Maui, for further information.
24. Developer's Default/Buyer's Remedy. If the Developer materially defaults under the sales contract prior to Closing, then, subject to certain conditions set forth in the sales contract and if the Buyer is not in material default under the sales contract, the Buyer shall be entitled, as the Buyer's sole and exclusive remedy, to terminate the sales contract and to receive a refund of all deposits with accrued interest, plus liquidated damages in the amount of \$3,000.00.
25. Interest on Deposits. All interest earned on the Buyer's deposits shall accrue to the credit of the Developer and, except in certain instances set forth in the sales contract, upon a refund of the Buyer's deposits, the Buyer shall not be entitled to any interest earned on such deposits. At Closing, all interest earned on the Buyer's deposits shall be credited to the Developer and not to the Buyer or to the purchase price of the unit.
26. Negotiation, Mediation and Arbitration. Except as specifically permitted in the sales contract that Buyer will sign to purchase a unit, no judicial or administrative (inclusive of arbitration) proceeding shall be commenced or maintained by the Buyer. The sales contract sets forth very specific requirements and prohibitions with respect to resolving disputes, including requirements relating to negotiation, mediation and arbitration.
27. Developer Makes No Promises or Warranty About the Amount of Monthly Maintenance Fees. By signing a sales contract, Buyer will be representing and agreeing that Buyer has had an opportunity to examine and has approved the estimate of monthly maintenance fees and assessments for the Project as shown in this Developer's Public Report. Buyer is aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and Buyer specifically accepts and approves any changes in such estimates. Buyer is also aware that such estimates do not include Buyer's obligation for payment of real property taxes or utilities billed directly to Buyer. BUYER UNDERSTANDS AND AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION, WARRANTY OR PROMISE BY DEVELOPER, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION, WARRANTY OR PROMISE AS TO THE ACCURACY OF SUCH ESTIMATES.
28. Grant of Power of Attorney to the Developer. The Declaration and the deed by which the Developer will convey each unit to its respective purchaser contain provisions pursuant to which the Developer will have a power of attorney to act on behalf of the purchaser with respect to various issues relating to the Project. The deed by which a purchaser will take title to a unit will act as a grant by the purchaser of a special power of attorney to the Developer to sign documents and do other things on behalf of the purchaser. Each prospective purchaser is advised to see the Declaration and the specimen deed that is on file with the Real Estate Commission for further information on the special power of attorney.

29. Contractor Disclosure. Valley Isle Builders, Inc. is the Developer of the Project, and is also the contractor for the Project. As such, the contractor has an ownership interest in the Project and the units covered by this Report.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS DEVELOPER'S 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.

Valley Isle Builders, Inc.
Printed Name of Developer

By: Lars Bertelsen
Duly Authorized Signatory*

May 8, 2009
Date

Lars Bertelsen, President
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

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

EXHIBIT A
Unit Types and Sizes of Units

Description of Units

Unit A. Unit A consists of one agricultural shed structure. The net area of the structure is approximately 140 square feet. Subject to the Master Declaration, the Declaration, the Condominium Property Act, and other applicable covenants, restrictions, laws, and regulations, Unit A can be altered. The Private Yard Area surrounding Unit A, as delineated and described in Exhibit "B" to the Declaration and the Condominium Map, is a Limited Common Element appurtenant to Unit A and is for the exclusive use of Unit A. As described in Section G.7 to the Declaration, any dwelling constructed within the Private Yard Area appurtenant to Unit A is designated as the Unrestricted Farm Dwelling for purposes of MCC Title 19 (the Maui County Zoning Code).

Unit B. Unit B is a one-story dwelling structure without a basement. Unit B has two bedrooms, two bathrooms, a living room, a kitchen, and a deck. (The detached garage (which includes an agricultural storage area) is a limited common element appurtenant to Unit B.) The total net living area of Unit B is approximately 870 square feet. The area of the deck is approximately 400 square feet. The total area of the garage is 512 square feet (which figure includes the agricultural storage area, the area of which is 112 square feet). The Private Yard Area surrounding Unit B to the Declaration, as delineated and described in Exhibit "B" and the Condominium Map, is a Limited Common Element appurtenant to Unit B and is for the exclusive use of Unit B. As described in Section G.7 to the Declaration, Unit B is designated as the Restricted Farm Dwelling for purposes of MCC Title 19 (the Maui County zoning code).

Each unit has direct access to its appurtenant limited common element Private Yard Area, which in turn provides access to a private roadway (Luawai Street), which provides access to a public road (Honoapiilani Highway).

Boundaries of the Units

Each unit consists of (to the extent applicable) (a) all footings, floors, foundations, perimeter walls, windows, doors, and roofs of the building; (b) all of the space, fixtures, walls, and other improvements located within such footings, floors, foundations, perimeter walls, windows, doors, and roofs; (c) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls, windows, doors, and roofs; (d) all decks, lanais, porches, steps, stairs or other improvements physically attached to the building and for the exclusive use of the Owners and occupants of the building; and (e) all portions of any carport or garage physically attached to, or contained in, the building appurtenant to the unit and for the exclusive use of the owner and occupants of the unit, but does not include detached garages. These boundaries are applicable to each unit, either as initially established or as changed pursuant to Section M of the Declaration. A unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a unit which are utilized by or serve any other unit.

The approximate net area of each unit as set forth above is measured from the interior surface of the unit's perimeter walls and includes all of the walls, columns, shafts and partitions within its perimeter walls, whether load-bearing or non-load-bearing and whether among the Common Elements or not. **The floor areas shown are approximate only.**

Other documents and maps may give floor area figures that differ from those above because a different method of determining the floor area may have been used. The areas of the units are likely to vary somewhat. Even units of the same type may differ in their actual areas. The Developer makes no representations or warranties whatsoever as to the floor area of any particular unit.

EXHIBIT B
Permitted Alterations to the Units

Following are relevant provisions from Section G.7 and Section M of the Project's Declaration of Condominium Property Regime:

"7. Limitations on Size Due to Zoning; Prohibitions on Dwellings; Indemnity; Waiver.

(a) As of the date of Recordation of [the] Declaration, the Land is zoned "Agricultural" by the County, and has a total area of approximately five acres (or 217,800 square feet). Under the County zoning ordinance in effect as of the date of Recordation of [the] Declaration, only two Farm Dwellings are permissible within the Project: one Unrestricted Farm Dwelling and one Restricted Farm Dwelling. The total of all enclosed living areas of the Restricted Farm Dwelling shall not exceed 1,000 square feet. As long as the County zoning shall restrict the size and number of dwellings, Unit B (and any Alterations thereto) shall be the Restricted Farm Dwelling and may not be expanded beyond the size limitation applicable to the Restricted Farm Dwelling (currently 1,000 square feet), as set forth in the Maui County Code zoning ordinance, and any dwelling constructed within the Private Yard Area appurtenant to Unit A shall be the Unrestricted Farm Dwelling, which may be larger in size. Provided all applicable County permits (including building permits) are obtained and all applicable requirements of the County, the Master Declaration, and [the] Declaration are met, only one Farm Dwelling may be built within Private Yard Area A and only one Farm Dwelling, which must be a Restricted Farm Dwelling, may be built within Private Yard Area B (subject to the foregoing limitations). No other dwellings can be built within the Project.

(b) For purposes of Section G.7(a), as of the date of Recordation of [the] Declaration, the County interprets "enclosed living areas" as excluding garages, but only if such garages: do not contain appliances associated with a dwelling, such as refrigerators, freezers, washers, or dryers; do not contain or serve as non-agricultural storage or non-agricultural accessory storage; and are not used for dwelling, recreation, entertainment, or other living purposes (e.g., as a bedroom, entertainment room, or recreation room). As such, any garage constructed within Private Yard Area B that is not intended to be included within the 1,000-square foot limitation shall not contain any appliances associated with a dwelling, such as refrigerators, freezers, washers, or dryers, shall not contain any non-agricultural storage or non-agricultural accessory storage, and shall not be used for any purpose other than parking automobiles or uses that are accessory to parking automobiles. Further, enclosing a lanai, deck, or other such unenclosed area will render such area as an "enclosed living area," the square footage of which shall count against the 1,000-square foot limitation. By taking title to a Unit, each Unit Owner acknowledges that it is his or her responsibility to consult with the County regarding all Alterations and the impact of such Alterations on the Unit's and the Unit's Private Yard Area's continuing compliance with [Section G.7 of the Declaration].

The Unit B Owner acknowledges and agrees that the Unit B Owner's (or Unit B's Occupant's) failure to comply with the County's interpretation of the definition of "enclosed living areas" or failure to comply with the County's, the Master Declaration's or [the] Declaration's other restrictions on Farm Dwellings will likely result in the Unit B Owner's violation of [Section G.7 of the Declaration] and/or County laws, thereby subjecting Unit B and the Unit B Owner to the remedies set forth under the law and/or in [the] Declaration that are available to Declarant, Unit A, and/or the Unit A Owner.

The Unit A Owner acknowledges and agrees that the Unit A Owner's (or Unit A's Occupant's) failure to comply with the County's, the Master Declaration's or [the] Declaration's restrictions on Farm Dwellings will likely result in the Unit A Owner's violation of [Section G.7 of the Declaration] and/or County laws, thereby subjecting Unit A and the Unit A Owner to the remedies set forth under the law and/or in [the] Declaration that are available to Declarant, Unit B, and/or the Unit B Owner.

(c) By taking title to a Unit, Owners acknowledge and understand that changes to State and County laws and ordinances may result in the inability to construct a dwelling within one or both of the Private Yard Areas or may place further restrictions on construction of dwellings within the Project.

(d) By taking title to Unit B, the Unit B Owner agrees that, notwithstanding any other provision of [the] Declaration, the Unit B Owner shall indemnify Declarant for any damages or losses incurred by Declarant, including attorneys' fees and costs, resulting from any claims brought against Declarant by the Unit A Owner arising from or in connection with the Unit B Owner's violation of [Section G.7 of the Declaration] or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of [the] Declaration.

(e) By taking title to Unit A, the Unit A Owner acknowledges and agrees that Declarant makes no warranties, express or implied, with respect to the Unit B Owner's compliance with [Section G.7 of the Declaration] and/or with respect to the effects that any violation of Section G.7 may have on the Unit A Owner or Unit A. By taking title to Unit A, the Unit A Owner irrevocably waives, releases, and discharges Declarant from any and all losses, liabilities, claims, costs, damages, demands, and expenses (including, but not limited to, attorneys' fees) incurred by the Unit A Owner arising from or in connection with the Unit B Owner's violation of the provisions of [Section G.7 of the Declaration] or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of [the] Declaration. By taking title to Unit A, the Unit A Owner acknowledges and agrees that his or her sole remedy and recourse for such violations by the Unit B Owner shall be against the Unit B Owner, pursuant to Section N.2 of [the] Declaration."

(f) By taking title to Unit A, the Unit A Owner agrees that, notwithstanding any other provision of [the] Declaration, the Unit A Owner shall indemnify Declarant for any damages or losses incurred by Declarant, including attorneys' fees and costs, resulting from any claims brought against Declarant by the Unit B Owner arising from or in connection with the Unit A Owner's violation of [Section G.7 of the Declaration] or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of [the] Declaration.

(g) By taking title to Unit B, the Unit B Owner acknowledges and agrees that Declarant makes no warranties, express or implied, with respect to the Unit A Owner's compliance with [Section G.7 of the Declaration] and/or with respect to the effects that any violation of Section G.7 may have on the Unit B Owner or Unit B. By taking title to Unit B, the Unit B Owner irrevocably waives, releases, and discharges Declarant from any and all losses, liabilities, claims, costs, damages, demands, and expenses (including, but not limited to, attorneys' fees) incurred by the Unit B Owner arising from or in connection with the Unit A Owner's violation of the provisions of [Section G.7 of the Declaration] or of any provision of the Maui County Code zoning ordinance, or of the Master Declaration or other provisions of [the] Declaration. By taking title to Unit B, the Unit B Owner acknowledges and agrees that his or her sole remedy and recourse for such violations by the Unit A Owner shall be against the Unit A Owner, pursuant to Section N.2 of [the] Declaration."

" M. ALTERATIONS TO THE PROJECT

1. Generally. Repair, reconstruction, restoration, replacement of the Common Elements or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the Association or any Owners only pursuant to an amendment of [the] Declaration and in conformance with the applicable provisions of the Master Declaration. Except as provided otherwise in [the] Declaration (including, specifically, Sections M.2 and T.4 of [the] Declaration), any such amendment shall be duly executed by or pursuant to the affirmative vote of 100% of the Owners and in accordance with complete plans and specifications therefor first approved in writing by the Board. If required by the Act and/or the Master Declaration, promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the Association shall duly Record and file of record such amendment,

together with a complete set of floor plans of the Project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. By the Owners.

(a) Subject to the provisions set forth below and the limitations relating to zoning set forth in Section G.7, the applicable provisions of the Master Declaration, and the approval of the Design Review Committee, if required, each Owner shall have the right at such Owner's sole option at any time and from time to time, without the consent and/or approval of the Owner of the other Unit or any other Persons (except the holders of mortgage liens affecting the Unit to be altered, if the lienholders so require, and the Design Review Committee, if such approval is required), to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in such Owner's Unit or portions thereof or upon and within the Private Expansion Area of such Owner's Unit (collectively, the foregoing are referred to in [Section M of the Declaration] as "Alterations"). For purposes of [the] Declaration, the "Private Expansion Area" includes all of a Unit's Private Yard Area except for that portion thereof included in the County of Maui setback areas, as depicted on the Condominium Map. Each Owner shall have the unilateral right, without the consent or joinder of any other Person, to amend [the] Declaration and the Condominium Map to accomplish any such Alterations. If required by the Act, promptly upon completion of such Alterations, the Owner of the altered Unit shall duly Record and file of record an amendment to [the] Declaration, together with a complete set of the floor plans of such Unit as so altered, certified by a registered architect or professional engineer, to fully and accurately depict the altered portions of the Unit as built. If required by the Act, the Board shall be deemed to approve of all such Alterations. All existing Owners and all future Owners and their mortgagees, by accepting an interest in a Unit, consent to all such Alterations and agree to give and shall be deemed to have given the Owner of the altered Unit a power of attorney to execute an amendment to [the] Declaration solely for the purpose of describing the Alterations to such Unit in [the] Declaration, so that the Owner of the altered Unit shall hereafter have a power of attorney from all the other Owners to execute such amendment to [the] Declaration. This power of attorney shall be deemed coupled with each Owner's interest in the Unit (including the Common Interest) and shall be irrevocable.

(b) All Alterations to a Unit shall be subject to the conditions aforesaid as well as the following conditions:

(i) All building plans for any such Alterations shall conform with State and County land use, building and zoning laws and other applicable County ordinances and regulations.

(ii) All improvements shall comply with the applicable provisions of the Master Declaration and shall be approved by the Design Review Committee, if such approval is required.

(iii) Such improvements may not extend beyond the boundary limits of the Private Expansion Area of the Unit and are made specifically subject to any requirements, limitations or conditions specified herein.

(iv) All such improvements shall be at the sole expense of the Owner making the change and shall be completed in a manner that will not unreasonably interfere with the use and enjoyment of the other Unit or the Private Yard Area appurtenant to the other Unit.

(v) Subject to Section 6 of the Master Declaration, the Owner of the altered Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such Alteration for electricity, potable and nonpotable water, and other utilities and services and, when applicable, to add, delete, relocate, amend, realign, designate and grant easements and rights-of-way over, under and on the Common Elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with the use and enjoyment of the other Unit or the Private Yard Area appurtenant to the other Unit; and provided

further that any easements on the Property established pursuant to the Master Declaration and/or the Plan (as that term is defined in the Master Declaration) may only be relocated, realigned, or deleted with the consent of the property owner or entity whose property is benefited by such easement.

(vi) When a Unit Owner installs landscaping within a Private Yard Area, the Owner shall consider the effect of such landscaping on the other Unit's views if such landscaping does not constitute a bona fide agricultural use or activity, as described in HRS Chapter 205.

(vii) Each and every conveyance and lease made or created on any Unit and all Common Interests and other appurtenances thereto shall be subject to the provisions of [Section M of the Declaration] and any lease of a Unit shall reserve to all Owners the rights set forth in [] Section M.

(viii) If a building permit application is submitted to the County for a Farm Dwelling for Unit B, the application shall contain the notation "Process as Second Farm Dwelling," in order to advise the County that Unit B is designated as the Restricted Farm Dwelling.

(ix) If the Unit A Owner applies to the County for a building permit for a Farm Dwelling within Private Yard Area A, then the Unit A Owner shall also apply to the entity providing potable and nonpotable water for a second water meter for both potable water and nonpotable water. If such second meters have not yet been issued and installed by the entity providing water at the time that construction of the Farm Dwelling (if any) is complete, then the Unit A Owner shall obtain and install sub-meters, as provided in Section G.8 of [the] Declaration.

(x) The Unit B Owner shall be responsible for installing water lines as described in Section E.8 of [the] Declaration at his or her sole cost and expense.

3. By Declarant. Any other provision in [the] Declaration to the contrary notwithstanding, prior to the latter of (A) the time that all Units in the Project have been sold and the conveyance thereof Recorded, or (B) the filing by Declarant of the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Act, Declarant shall have the right, without being required to obtain the consent or joinder of any Person or group of Persons, including the Association, any Owner or any mortgagee, lienholder, Unit purchaser or any other Person who may have an interest in the Project, to do the following:

(a) To make Alterations in the Project (and to amend [the] Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit (and the Limited Common Elements appurtenant thereto) in the Project which is not sold and the conveyance thereof Recorded; and

(b) To make other Alterations in the Project (and to amend [the] Declaration and the Condominium Map accordingly) which make minor changes in any Unit in the Project or in the Common Elements which do not affect the physical location, design or size of any Unit which has been sold and the conveyance thereof recorded.

4. Insurance Requirements for Alterations. During the entire course of any physical Alteration, the Owner making such Alteration will cause to be maintained at such Owner's expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association and the other Unit Owner(s) shall be named as additional insureds.

5. Alterations by Declarant. The provisions of Sections M.2 and M.4 above shall not apply to Alterations or other modifications that are made by or on behalf of Declarant. Declarant's right to make Alterations and other modifications to the Project is set forth in Section M.3.

6. Exemptions For Persons With Disabilities. Notwithstanding anything to the contrary contained in the Bylaws, [the] Declaration, or the Project Rules, Owners shall be permitted to make reasonable Alterations to the Common Elements, at their expense (including the cost of obtaining any required bonds), if such Alterations are necessary to enable the use and enjoyment of their Units and/or the Common Elements, as the case may be, by persons with disabilities, provided that any Unit Owner with a disability desiring to make such Alterations shall make such request, in writing, to the Board. The written request shall set forth, with specificity and in detail, the nature of the request and the reason that the requesting party needs to make such Alterations. The Board shall not unreasonably withhold or delay its consent to such request, and any such request shall be deemed to be granted if not denied in writing, within 60 days of the Board's receipt thereof, or within 60 days of the Board's receipt of additional information reasonably required in order to consider such request, whichever shall last occur. Nothing contained in [Section M.6 of the Declaration] shall exempt an Owner from making all amendments to the Bylaws, [the] Declaration or the Condominium Map necessitated by any changes authorized under [] Section M."

EXHIBIT C
Common Elements

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

1. The Property in fee simple;
2. Shared water lines (both potable and nonpotable) and appurtenances that serve both Units;
3. Any other utility installations serving more than one unit, including all common or shared installations for underground utilities including electricity, water, telephone, and cable television;
4. The Limited Common Elements described in Exhibit D;
5. Until such time as a second potable and/or nonpotable water meter for the Project is installed, the shared single potable and/or shared single nonpotable water meter(s) and valve(s) (existing and proposed); and
6. All other parts of the Project existing for the common use or necessary to the existence, maintenance, or safety of the Project.

EXHIBIT D
Limited Common Elements

Certain Common Elements, called "Limited Common Elements", are designated and set aside for the exclusive use of certain Units, and, subject to exceptions set forth in the Declaration, such Units shall have appurtenant thereto easements for the exclusive use of such Limited Common Elements as follows:

1. Unit A - Private Yard Area. The land area surrounding and under Unit A, as shown on the Condominium Map, is a Limited Common Element of Unit A and is for the exclusive use of Unit A and consists of approximately 3.08 acres (134,253 square feet); subject, however, to any easements depicted on the Condominium Map or referenced in the Master Declaration or in the Declaration.

2. Unit B - Private Yard Area. The land area surrounding and under Unit B, as shown on the Condominium Map, is a limited common element of Unit B and is for the exclusive use of Unit B and consists of approximately 1.913 acres (approximately 83,347 square feet); subject, however, to any easements depicted on the Condominium Map, or referenced in the Master Declaration or in the Declaration.

3. Potable and Nonpotable Water Meters and Valves. Upon obtaining a second potable water meter and/or a second nonpotable water meter for the Project, the existing water meters for potable and/or nonpotable water, the location of which are shown on the Condominium Map and labeled "potable water" and "irrigation water", shall be Limited Common Elements appurtenant to Unit B and shall be for the exclusive use of Unit B, and the second water meters for potable and/or nonpotable water shall be Limited Common Elements appurtenant to Unit A and shall be for the exclusive use of Unit A. Any sub-meter installed for a shared water meter to assess the amount of water a Unit uses shall be a Limited Common Element of such Unit.

4. Mailboxes. The mailboxes assigned to each Unit (existing and proposed) are (or will be) a Limited Common Element of its respective Unit and is for the exclusive use of such Unit.

5. Other Improvements. Any fences, walls, utility systems or lines, parking areas, landscaping, driveway(s), accessory buildings or any other improvements that are located within the Private Yard Areas (including any detached garages) and that serve or benefit only one Unit shall be deemed a Limited Common Element appurtenant to such unit.

EXHIBIT E
Encumbrances Against Title

1. Real property taxes that may be due and owing for TMK (2) 4-8-003:010. For more information, contact the Real Property Assessment Division, County of Maui.
2. Reservation in favor of the State of Hawaii of all minerals and metallic mines.
3. Lease
Dated : October 13, 1967
Recorded : December 8, 1967 in the Bureau of Conveyances of the State of Hawaii in Book 5893, Page 226
In Favor Of : Maui Electric Company, Limited and GTE Hawaiian Telephone Company Incorporated, now known as Verizon Hawaii Inc.
RE : Leasing and demising a right-of-way 25 feet in width for electrical purposes, over, across and under a portion of the land underlying the Project for a term of 35 years commencing from the date hereof and thereafter from year to year until terminated

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Limited Warranty Deed dated September 21, 1998, recorded September 21, 1998 in the Bureau of Conveyances of the State of Hawaii as Document No. 98-140032.

Said Limited Warranty Deed required all persons owning or acquiring the property to acknowledge and agree that neither Pioneer Mill Company, Ltd. or others referred to therein nor the owners of any adjacent properties nor their respective heirs, personal representatives, successors and assigns shall be held liable for any nuisances, personal injury, illness or other loss, damage or claim which is caused by or related to the presence, operation or use of adjacent properties for agricultural and related purposes and the smoke, dust, noise, soot, ash, odor or other adverse conditions of any kind created by or resulting from such agricultural activities.

5. Covenants, Conditions and Restrictions, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Restrictive Covenants
Dated : November 13, 1998
Recorded : December 14, 1998 in the Bureau of Conveyances, State of Hawaii, as Document No. 98-186638

6. Agreement for: Unilateral (SM1-990021)
Executed By : Olowalu Elua Associates, LLC, a Hawaii limited liability company

On the terms, covenants and conditions contained therein,

Dated : November 14, 2000
Recorded : November 16, 2000 in the Bureau of Conveyances, State of Hawaii, as Document No. 2000-160441

Above Agreement was amended by instrument dated January 31, 2001, recorded February 12, 2001 in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-019289, re: to change the proviso in the first full paragraph on page 3.

7. Agreement for : Allocation of Future Subdivision Potential
Executed By : Olowalu Elua Associates LLC, "Subdivider" and Between County of Maui, through its Department of Public Works and Waste Management, a political subdivision of the State of Hawaii, "County"

On the terms, covenants and conditions contained therein,

Dated : January 17, 2002
Recorded : March 28, 2002 in the Bureau of Conveyances, State of Hawaii, as Document No. 2002-054768

8. Covenants, Conditions, and Restrictions, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Olowalu Mauka Declaration of Covenants, Conditions and Restrictions
Dated : July 15, 2002
Recorded : August 8, 2002, in the Bureau of Conveyances of the State of Hawaii, as Document No. 2002-138595, as the same may be amended from time to time

Amendment thereof by instrument:

Recorded : December 5, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-209922

Consent thereto:

Recorded : December 5, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-209923

By : Olowalu Elua Associates LLC

Liens and charges for upkeep and maintenance as provided in the above mentioned Covenants, Conditions and Restrictions, if any, where no notice thereof appears on record.

9. Covenants, Conditions, and Restrictions, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Non-Exclusive Perpetual Easements for Roadway Purposes (Roads serving Olowalu Mauka) ("Roadway Declaration")
Dated : July 15, 2002
Recorded : August 8, 2002, in the Bureau of Conveyances of the State of Hawaii, as Document No. 2002-138597, as the same may be amended from time to time

Said Declaration was amended by the following instruments:

Dated:	Recorded:	Document No.:
August 13, 2002	August 15, 2002	2002-143258
April 15, 2009	April 22, 2009	2009-060433

10. Mortgage to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof, with power of sale and assignment of rents.

Amount : \$700,000.00
Mortgagor : Valley Isle Builders, Inc., a Hawaii corporation
Mortgagee : Bruce W. Curtis and Anne G. Curtis, Trustees of The Bruce and Anne Curtis Trust dated July 10, 1997, as amended on January 19, 2002
Dated : September 16, 2004
Recorded : September 21, 2004 in the Bureau of Conveyances, State of Hawaii, as Document No. 2004-192988
Agreement for : Release, Amendment and Assignment of Mortgage
Executed By : Valley Isle Builders, Inc., a Hawaii corporation
and Between : Bruce W. Curtis and Anne G. Curtis, Trustees of The Bruce and Anne Curtis Trust dated July 10, 1997, as amended on January 19, 2002

On the terms, covenants and conditions contained therein,

Dated : July 25, 2006
Recorded : July 28, 2006 in the Bureau of Conveyances, State of Hawaii, as Document Nos. 2006-138559 through 2006-138561

Modification/amendment of the terms of said Mortgage, by an instrument

Executed By : Valley Isle Builders, Inc., a Hawaii corporation and Bruce W. Curtis and Anne G. Curtis, Trustees of The Bruce and Anne Curtis Trust dated July 10, 1997, as amended on January 19, 2002
Dated : July 2, 2007
Recorded : July 10, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-122825

Changed amount from \$1,100,000.00 to \$1,650,000.00

11. Terms and provisions as contained in an instrument,

Entitled : Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District
Dated : September 24, 2007
Recorded : October 11, 2007, in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-180337

12. Native Hawaiian customary and traditional rights and practices, including, without limitation, those exercised for subsistence, cultural or religious purposes, and access, water gathering rights, as reserved, existing or established under the Constitution, law and usage of the State of Hawaii.

13. Any unrecorded and subsisting leases.
14. Rights and claims of parties in possession.
15. Any facts, rights, interests or claims which an accurate survey would show.
16. Any claim of lien for services, labor or material arising from an improvement or work under construction or completed at the date hereof.
17. Declaration of Condominium Property Regime of Lot 1 Olowalu Mauka Condominium Project, dated May 1, 2009, recorded as Document No. 2009-096432. *
18. Condominium Map No. 4810.*
19. Bylaws of the Association of Unit Owners of Lot 1 Olowalu Mauka Condominium Project, dated May 1, 2009, recorded as Document No. 2009-096433.*
20. Utility Easement in favor of Maui Electric Company, Limited and Hawaiian Telcom, Inc. This document has been prepared and is expected to be recorded sometime after the effective date for this Developer's Public Report was issued.

* These documents are not reflected in the Title Report referenced in Section 1.12 of this Report, because the documents are to be recorded in the Bureau of Conveyances after the date such Title Report was issued.

EXHIBIT G
The Developer's Reserved Rights

The following summary is not intended to be a complete and exhaustive explanation of all the rights reserved under the documents governing the project (the "Project Documents") and otherwise. It is intended to be a general summary. If any conflict or difference exists between this summary and any of the Project Documents, the Project Documents shall control.

1. Right to Enter the Private Yard Areas to Read Sub-Meters. The Developer, the President of the Board, and, until such time that the President is elected, the Owner of the second Unit conveyed by the Developer to a third-party purchaser, shall have the right to access and enter the Private Yard Area of both Units for purposes of reading any potable and nonpotable water sub-meters.
2. The Developer's Rights Regarding Easements and Rights of Way. The Developer shall have the unilateral right to deal with any easements and/or rights-of-way involving the common elements of the Project for any reasonable purpose.
3. The Developer's Rights Regarding Utilities, Access, Etc. Provided such rights are exercised in a manner that does not materially and adversely impair or interfere with the use of any Unit or its appurtenant Private Yard Area, the Developer and its successors and assigns have very broad rights to deal with any easements and rights-of-way at any time for various utilities, drainage, landscape, maintenance, driveways, parking areas, access roadways and other similar purposes, over, across, under and through the Project (including the limited common element private yard areas). The Developer may exercise these reserved rights without obtaining any owner's consent, and the owners agree to join in and execute any documents and do such other things as may be necessary or convenient to effect the same promptly at the request of the Developer without payment of additional consideration. Without limiting the generality of the foregoing, the Developer shall have the right to negotiate, enter into, amend and record one or more easements (whether site-specific easements or blanket easements over all of the Project's property) in favor of Maui Electric Company, Inc., Hawaiian Telcom, Inc. and/or any other utility and telecommunications entities for electrical, telecommunications and other utility purposes. These rights continue until the date that is five years following recordation in the Bureau of Conveyances of the deed conveying the last unit in the Project to a person other than Developer or an affiliate of Developer.
4. The Developer's Right to Amend Project Documents. To the extent necessary or required in connection with the reserved rights set forth in Section E of the Declaration, the parties with such rights shall have the unilateral right to amend the Declaration, the Bylaws and/or the Condominium Map to effect the same.
5. Use of Unit as Model Unit and/or Sales Office. Anything in the Declaration to the contrary notwithstanding but subject to all applicable State and County laws, the Developer may use any Unit owned by the Developer, or any other Unit with the permission of the owner, for a model unit, a sales office, or such other purposes as the Developer shall deem appropriate.
6. Modifications to Applicable Agricultural Land Use and Zoning Laws. If any federal, state, County or other legislation enacted after the recordation date of the Declaration, or in the event any applicable judicial action finally determined after the Recordation date of the Declaration, modifies the effect of applicable zoning ordinances or laws on the Property or the Farm Plan requirement(s), including, without limitation, applicable requirements relating to Farm Dwelling qualifications, Farm Plan requirements or residential use of the Units, the Developer shall have the right (without obligation) to amend the Declaration to provide a general plan for the subdivision, improvement, sale, use and enjoyment of the Project.

7. Alterations to the Project By the Developer. Prior to the latter of (A) the time that all Units in the Project have been sold and the conveyance thereof Recorded, or (B) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Act, the Developer shall have the right, without being required to obtain the consent or joinder of any Person or group of Persons, including the Association, any Owner or any mortgagee, lienholder, Unit purchaser or any other Person who may have an interest in the Project, to make various alterations in the Project (and to amend the Declaration and the Condominium Map accordingly).

8. Assignment of Rights by the Developer. The Developer may, without any person's consent, transfer or assign all or any portion of the Developer's rights under the Declaration to third Persons, in whole or part.

9. Amendment to Declaration and Map. The Developer has the right to amend the Declaration, the Bylaws, and/or the Condominium Map under certain circumstances, as set forth in Section T of the Declaration. Among those circumstances is the following set forth in Section T.3 of the Declaration: Pursuant to H.R.S. Section 514B-34(a), the Developer shall, within 30 days after completion of construction of the units, amend the Declaration (and when appropriate the Condominium Map) without the approval, consent or joinder of any person or group of persons, including the Association, any unit owner or any mortgagee, occupant, lienholder, unit purchaser or any other person who may have an interest in the Project or in any unit, to file a certification of a licensed architect, engineer, or surveyor certifying that the final recorded Condominium Map fully and accurately depicts the layout, location, boundaries, dimensions and numbers of the units substantially as built, or that any revised plans being filed simultaneously with the amendment involve only immaterial changes to the layout, location, boundaries, dimensions and numbers of the units substantially as built.

AS NOTED, THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL THE RIGHTS RESERVED UNDER THE CONDOMINIUM DOCUMENTS AND OTHERWISE. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, BUYER MUST REFER TO THE PURCHASE AGREEMENT, THE CONDOMINIUM DECLARATION, AND THE BYLAWS TO DETERMINE THE ACTUAL RIGHTS RESERVED. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, DECLARATION OR THE BYLAWS, THE PURCHASE AGREEMENT, DECLARATION OR BYLAWS, AS APPLICABLE, WILL CONTROL.

SPECIAL NOTICE REGARDING CHANGES UNDER THIS DEVELOPER'S PUBLIC REPORT

CHANGES TO THE PROJECT AND THE PROJECT'S DOCUMENTS MADE IN ACCORDANCE WITH THE DEVELOPER'S EXERCISE OF THE RIGHTS RESERVED TO THE DEVELOPER IN THE DECLARATION, AS MAY BE DISCLOSED IN THIS DEVELOPER'S PUBLIC REPORT, **SHALL NOT** BE DEEMED TO BE CHANGES THAT RENDER THIS DEVELOPER'S PUBLIC REPORT MISLEADING AS TO PURCHASERS IN ANY MATERIAL RESPECT AND WILL NOT GIVE ANY PURCHASER WHO HAS WAIVED OR IS DEEMED TO HAVE WAIVED THE RIGHT TO CANCEL SUCH PURCHASER'S SALES CONTRACT UNDER THIS DEVELOPER'S PUBLIC REPORT ANY ADDITIONAL RIGHTS TO CANCEL SUCH PURCHASER'S SALES CONTRACT.

EXHIBIT H
Estimate of Initial Maintenance Fees
And
Estimate of Maintenance Fee Disbursements

Estimate of Initial Maintenance Fees:

<u>Unit</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
1	\$180.00	\$2,160.00
2	\$180.00	\$2,160.00
	_____	_____
Total	\$360.00	\$4,320.00

Developer's Statement: Buyer will be obligated to commence payments of maintenance fees immediately after closing on the purchase of Buyer's unit.

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12 months = Yearly Total</u>	
Utilities and Services		
Water(*)	0	0
Refuse Collection(*)	0	0
Maintenance, Repairs		
Grounds	0	0
Management		
Office Expenses	10	120.00
Insurance(**)	0	0
Reserves(***)		
Improvement Reserve	0	0
Taxes and Government Assessments(*)	0	0
Legal and Audit Fees	0	0
Master Association Assessments	<u>350.00</u>	<u>4,200.00</u>
TOTAL	360.00	4,320.00

I, the undersigned condominium Developer for the Lot 1 Olowalu Mauka 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.

Valley Isle Builders, Inc.



Date April 27, 2009

Name: Lars Bertelsen
Title: President

The foregoing estimates of initial maintenance fee assessments and maintenance fee disbursements assume that all building maintenance will be the responsibility of each homeowner, not the Association.

* Upon conveyance of a Unit, each Unit owner will be responsible for obtaining and paying for their own utilities, taxes, and governmental assessments, unless the Association determines that it is in the best interests of the Association to include such costs in the Common Assessments. Refuse collection is not provided by the County or the Association, and Unit owners will be required to make their own arrangements for refuse disposal.

** This amount does not represent any property insurance for any common elements in the Project, which unit owners will be required to obtain and maintain as described in Section 6 of this Report. Unit owners will be responsible for purchasing and maintaining property insurance on their units and/or Private Yard Areas. No property insurance for the units and/or the Private Yard Areas will be provided by the Association, unless the Association determines that it is in the best interests of the Association to include such costs in the Common Assessments.

*** The Developer discloses that in arriving at the figure for "Reserves" in the estimate above, the Developer has not conducted a "reserve study" in accordance with Hawaii Revised Statutes § 514B-148, and replacement reserve rules, Hawaii Administrative Rules Subchapter 6, Title 16, Chapter 107.

Pursuant to HRS § 514B-148, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. This reserve amount is not based on a reserve study required by Hawaii law. The reserve study will be performed by the Association.

EXHIBIT I
Summary of Specimen Sales Contract

A specimen of the Deposit Receipt and Sales Agreement ("Agreement") has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ, IN FULL, THE AGREEMENT, because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents. The Agreement contains, among others, the following terms and provisions (which may be modified or otherwise limited by provisions that are not summarized below):

A. The Developer has engaged Old Republic Title & Escrow of Hawaii, Inc. ("Escrow") to handle Buyer's funds and to close the transaction in accordance with the terms of the Agreement.

B. The total purchase price, method of payment and additional sums that must be paid in connection with the purchase of a Unit will be included. The purchase price does not include closing costs. Closing costs include, among other things, Escrow's fees, cost of a preliminary title report, cost of preparation of the Deed, real property taxes for the remainder of the year, notary fees, conveyance taxes, title insurance for Buyer, Buyer's appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, and all other applicable mortgage costs.

C. Article IV, Section B.3 of the Agreement has certain requirements relating to Buyer's financing of the purchase price, including the Buyer's promise that the Buyer is financially capable of making, when due, all of the required payments set forth in the Agreement. The Buyer also promises that the personal financial information to be submitted in connection with the Agreement to the Seller or any prospective lender shall be true and accurate. The Buyer agrees to give written notice to the Seller immediately after any material change occurs in the Buyer's financial condition prior to closing. The Buyer agrees that he or she shall, within three (3) days from the date of Buyer's execution of the Agreement, give Seller such evidence including, without limitation, copies of tax returns, financial statements, a letter from a lending institution reasonably acceptable by Seller that Buyer is prequalified for a mortgage loan in an amount equal or greater than the Total Purchase Price of the Unit, and/or other evidence from Buyer's bankers or accountants, or others ("Cash Evidence"), as the Seller may require, of Buyer's ability to pay the Total Purchase Price at the times specified in the Agreement. In the event that the Seller shall reject the Buyer's Cash Evidence as unacceptable, the Seller shall notify the Buyer of such rejection in writing within fifteen days of the Seller's receipt of such Cash Evidence, in which case the Seller may elect to cancel the Agreement upon written notice to the Buyer and, upon such cancellation, the Seller shall direct Escrow Agent to refund to the Buyer all sums paid hereunder by the Buyer. Additionally, even though the PURCHASE IS NOT SUBJECT TO A FINANCING CONTINGENCY, the Buyer shall, within seven calendar days after the date that the Buyer signs the Agreement, commence performance of all of the following acts (herein called the "Mortgage Loan Acts"): (1) apply to one or more lending institutions for a mortgage loan; (2) use the Buyer's best efforts to obtain the mortgage loan in good faith; (3) execute and deliver all necessary documents and disclose all requested information; (4) pay any and all costs, charges and expenses in connection with the mortgage loan; (5) promptly and diligently comply with all requests of the mortgagee and/or the Seller to apply for, obtain and close the mortgage loan; and (6) when deemed necessary by the Seller, make further applications for a mortgage loan. It is understood that the Buyer may be required to pay a loan fee for such loan.

D. The Agreement describes or references various rights reserved in the Declaration in favor of Developer, the Association and other owners and contains certain other provisions to which the Buyer consents. Among the reserved rights in favor of the Developer are those summarized in Exhibit G of this public report, which summary is incorporated here. In addition to the Declaration, the Unit and the Project will be subject to various other legal documents that the Buyer should examine. The Developer may change these documents under certain circumstances.

- E. The Agreement also describes or references certain provisions in the Master Declaration.
- F. The Agreement will provide that Buyer acknowledges having received and read the public report for the Project prior to signing the Agreement.
- G. Buyer agrees that it will not assign the Agreement, or sell the Unit, or advertise the Unit for sale prior to closing under the Agreement, and that any assignment or sale attempted by Buyer prior to closing without the Developer's prior written consent is void.
- H. Buyer expressly acknowledges, consents to and approves all of the disclaimers, disclosures, and other matters described in the Agreement, and Buyer assumes any and all risks in connection with each of those matters. Buyers should review the Agreement (including, specifically, Article IV) carefully to fully understand the matters set forth therein.
- I. Buyer has examined and approved the estimate of monthly maintenance charges for the Project and the estimated maintenance fees for the Unit that the Buyer is interested in buying, as shown in the Public Report. Buyer is aware that such amounts are only estimates and may change for reasons beyond the control of the Developer, and Buyer hereby specifically accepts and approves any such changes.
- J. Buyer shall not be entitled to possession of the Unit as the owner thereof until Buyer has completed all required payments, has executed all documents relating to the purchase, has performed the remaining terms and conditions of the Agreement to be performed as of the Closing, the Developer turns over possession of the Unit and Closing has occurred.
- K. The Agreement includes provisions relating to Buyer's remedies in the event of a default by the Developer. Specifically, if Seller defaults under the Agreement and does not cure the default within a specific period of time, the Buyer shall be entitled, as the Buyer's sole and exclusive remedy, to terminate the Agreement and to receive a refund of all deposits with accrued interest, plus liquidated damages in the amount of \$3,000.00.
- L. If Buyer defaults in making any payment or fails to perform or shall breach any other obligation of Buyer and then fails to cure the default within 20 days after notice of the default or breach, then the Developer may, at the Developer's option and in addition to any other rights contained in the Agreement terminate the Agreement by written notice to Buyer, and the parties agree that the sums previously paid by Buyer under the Agreement shall at the Developer's option belong to the Developer as liquidated damages.
- M. The Buyer acknowledges that Buyer has entered into the Agreement without any reference or representation by the Developer or any representative of the Developer that the Developer will provide, directly or indirectly, any services relating to the rental or sale of the Unit purchased. The Buyer also acknowledges 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.
- N. The Developer makes no warranties regarding the Unit, the Project or anything installed or contained in the Unit or the Project.
- O. The purchase and sale of the Unit under the Agreement is NOT SUBJECT TO BUYER OBTAINING A LOAN TO FUND ANY PART OF THE PURCHASE PRICE. In other words, after Buyer has waived his or her right to rescind the Agreement, Buyer shall not be allowed to cancel the Agreement if he or she does not obtain financing for his purchase of the Unit.

P. Buyer specifically acknowledges that the Developer has reserved the right for itself, its sales representatives and prospective Buyers to utilize portions of the Project for ingress and egress and to show the Project to prospective Buyers.

Q. Except as specifically permitted in the Agreement, no judicial or administrative proceeding (inclusive of a lawsuit or arbitration) shall be commenced or maintained by the Buyer. Certain disputes against and between certain persons (including, without limitation, the Developer) must go through the process of negotiation, mediation and arbitration and, if applicable, a process by which an opportunity is given to cure certain alleged defects.

R. The Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the Buyer.

S. All interest on deposits toward the purchase price shall be the property of the Developer.

T. Unless the Agreement is terminated, or unless the Developer agrees otherwise in writing, provided the Agreement is binding on Buyer and the Developer and provided construction of the Unit has been completed, CLOSING SHALL OCCUR ON A DATE THAT IS MUTUALLY ACCEPTABLE TO BUYER AND THE DEVELOPER, BUT IN NO EVENT MORE THAN 90 DAYS AFTER THE LATER OF THE EFFECTIVE DATE OF THE AGREEMENT OR THE DATE CONSTRUCTION OF THE UNIT WAS COMPLETED.

U. Subject to the occurrence of Force Majeure (defined below), the Developer will complete construction of the Unit on or before two years after the Agreement "becomes binding" (as described in Section 514B-89 of the Act) (the "Completion Deadline"). In the event of an occurrence of Force Majeure, the Developer shall have the right to extend the Completion Deadline to such date as the Developer shall reasonably determine in light of the effect of the Force Majeure event, as set forth in a written notice delivered to the Buyer. "Force Majeure" means an event that is beyond the Developer's reasonable control (but that is not due to the neglect or inaction of the Developer), including, but not limited to: action or inaction by any government agency that results in a delay in the approval/permitting process for the completion of the Unit or the common elements; acts of God; fire or casualty; actions of the elements; strikes, lockouts or other labor trouble; inability to procure or general shortage of labor, equipment, facilities, materials or supplies; failure of transportation or power; or terrorism, riots, insurrection or war. Pursuant to Section 514B-89 of the Act, the Buyer may cancel the Agreement at any time after the Completion Deadline, if completion of construction of the Unit does not occur on or before the Completion Deadline (as it may be extended due to a Force Majeure event); provided, however, that once the Buyer takes possession of the completed Unit, the Buyer's right to cancel the Agreement pursuant to Section 514B-89 of the Act shall be deemed waived.

THIS SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF BUYER'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT, BUYER MUST REFER TO THE AGREEMENT TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL.

EXHIBIT J
Summary of Escrow Agreement

The Escrow Agreement has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ, IN FULL, THE ESCROW AGREEMENT, because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents.

The Escrow Agreement contains, among others, the following terms and conditions (which may be modified or otherwise limited by provisions that are not summarized below):

A. When the Developer shall enter into a purchase agreement for the conveyance of a unit in the Project ("Purchase Agreement"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Purchase Agreement to Escrow. The Developer shall also promptly pay over to Escrow all monies (including checks) received by the Developer from or on behalf of the Buyers in connection with the Purchase Agreement.

B. Escrow shall receive, deposit and hold in one or more escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, and (b) such sums received by it under the Escrow Agreement from or for the account of the Developer. All funds and instruments received from Buyers or prospective Buyers shall be held by Escrow in accordance with applicable provisions of Chapter 514B of the Hawaii Revised Statutes. Escrow shall deposit all funds so received in a federally insured account at a financial institution authorized to do business in the State of Hawaii.

C. Except as otherwise set forth in the Escrow Agreement (including, but not limited to, the right to use buyer deposits for various development-related costs), no disbursement of a Buyer's funds held by Escrow under the Escrow Agreement shall be made unless and until the following conditions have been fulfilled:

(a) the Real Estate Commission (the "Commission") has issued an effective date for a Developer's Public Report on the Project;

(b) the buyer has been given a copy of the Developer's Public Report;

(c) the buyer has been given a notice of the buyer's 30-day cancellation right, which notice complies with Section 514B-86 of the Condominium Property Act;

(d) the buyer has either waived the buyer's right to cancel the Purchase Agreement or is deemed to have waived the purchaser's right to cancel the Purchase Agreement; and

(e) the Developer has advised Escrow that the Purchase Agreement has become binding and that the requirements of Sections 514B-86 and 514B-87 of the Condominium Property Act have been met; and

D. Subject to the conditions set forth in the Escrow Agreement, buyer deposits that are held in escrow pursuant to a binding Purchase Agreement may be disbursed by Escrow before closing to pay for Project construction costs, for architectural, engineering, finance, and legal fees, and for other incidental expenses of the Project only if the applicable conditions for such disbursement set forth in Section 514B-92(b) of the Condominium Property Act have been met and there are sufficient funds to make the payments.

E. Unless otherwise provided in the Escrow Agreement, each Buyer shall be entitled to a return of his or her funds, without interest and less any cancellation fee, and Escrow shall pay such funds to such Buyer, promptly after request for return by the Buyer if: (i) Seller and the Buyer make a written request to Escrow to return to the Buyer the Buyer's funds held by Escrow; or (ii) either Seller or Buyer

notifies Escrow in writing that it is exercising any option to cancel or rescind the Purchase Agreement pursuant to any valid right of cancellation or rescission available to the canceling or rescinding party.

F. Upon the return of the funds to the Buyer, Escrow shall return to the Developer such Buyer's Purchase Agreement and any conveyancing documents already delivered to Escrow. The Buyer shall then have no further rights or obligations under the Purchase Agreement. Other documents delivered to Escrow relating to the sale of the unit identified in such Purchase Agreement will be returned to the person from whom or entity from which they were received.

G. If a Buyer fails to make a required payment to Escrow or if a Buyer fails to perform a matter being handled by Escrow, Escrow shall notify the Developer of such failure. If the Developer then notifies Escrow that the Developer has terminated the Purchase Agreement due to such breach, then Escrow shall treat all funds of the Buyer as funds of the Developer and not as funds of the Buyer. Then, upon request by the Developer, Escrow shall pay such funds to the Developer, less any escrow cancellation fee.

H. Upon the cancellation of any Purchase Agreement as specified above, Escrow shall be entitled to a cancellation fee of up to \$250. Depending on the reason for the cancellation, the cancellation fee may be the sole expense of the individual Buyer and not the obligation of the Developer.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, BUYER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT K

Special Use Restrictions

The following summary is not intended to be a complete and exhaustive explanation of all the rights reserved under the documents governing the project (the "Project Documents") and otherwise. It is intended to be a general summary. If any conflict or difference exists between this summary and any of the Project Documents, the Project Documents shall control.

Both the Master Declaration and the Declaration contain certain special use restrictions.

The following are selected provisions of Sections G and H of the Declaration that contain special use restrictions:

1. Use. Except as provided in Section G or in Section H of the Declaration, the Units shall be occupied and used only for residential, agricultural, and other related purposes in compliance with all applicable zoning laws, governmental regulations, the Bylaws, the rules, regulations and ordinances of the County, and the covenants, conditions, restrictions and other rules of the Declaration. The Owners of the Units shall have the absolute right, without obtaining the consent or joinder of any other Owners, to sell, lease, rent, or otherwise transfer their respective Units (including the Limited Common Elements appurtenant thereto), subject to all provisions of the Act, the Master Declaration, and the Project Documents. No Unit may be leased or rented for an initial term of less than thirty (30) days (or such longer period as may be required by the County to avoid classification of the Unit as a "transient vacation rental"). Also, no Owner may rent any Unit in any manner by which the Occupants of the Unit are provided customary hotel or similar services, such as room service, maid service, laundry or linen service, or bell service. Any lease or rental agreement of a Unit shall provide that it shall be subject in all respects to the provisions of the Master Declaration and the Project Documents and that the failure of the lessee or tenant to comply with the terms of the Master Declaration and the Project Documents shall be a default under the lease or rental agreement.
2. Violation of Law. No Owner or Occupant shall permit anything to be done or kept in or within such Owner's Unit or Private Yard Area or in or upon any portion of the Common Elements that would be in violation of any law.
3. Safe Condition. Each Owner shall maintain and keep the Owner's Unit and Private Yard Area at all times in a safe, sound, and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Units, Private Yard Areas, or the Common Elements. For fire safety purposes, the Developer recommends keeping all landscaping a minimum of ten feet from all buildings and constructing all Farm Dwellings with internal fire sprinkler systems.
4. Restriction on Declaring Another Condominium Property Regime. Without the prior written approval of the Board and the Developer (which approval may be withheld for any reason in the sole and absolute discretion of the Developer), no portion of the Project shall be made subject to another declaration of condominium property regime or other such declaration or documentation allowing a Unit Owner to separately convey or transfer less than all of the Improvements on such Owner's Unit.
5. No Injury to Project. Subject to each Unit Owner's right to engage in Agricultural Activities, no Unit Owner shall suffer anything to be done or kept in his or her Unit or any Limited Common Element appurtenant to his or her Unit or any other part of the Project, for any purpose that will (a) jeopardize the safety or soundness of any building in the Project, (b) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and Occupants, (c) result in the cancellation or increase the premium of any insurance required for the Project, or (d) reduce the value of the Project or any building in the Project.

6. Limitations on Size Due to Zoning; Prohibitions on Dwellings; Indemnity; Waiver. See Section 6 of this Report for information regarding restrictions relating to dwellings, structures, their sizes and uses, and indemnities and waivers by prospective Purchasers.

7. Agricultural Land Use and Zoning Districts. As of the date of recordation of the Declaration, the Project and each Unit are located within the State of Hawaii agricultural land use district, pursuant to Hawaii Revised Statutes ("HRS") Chapter 205, and within the County Agricultural zoning district, pursuant to Maui County Code ("MCC") Title 19. For so long as such designations remain in effect and applicable, all uses of the Units and Private Yard Areas shall be in compliance with applicable provisions of HRS Chapter 205 and MCC Title 19 relating to permissible uses within the agricultural district and Agricultural zone. Without limiting the foregoing or any other provision of the Declaration, but subject to Section G.7 of the Declaration, by taking title to a Unit, each Owner specifically acknowledges and agrees that any dwelling constructed or to be constructed within a Private Yard Area must qualify as a Farm Dwelling, and must comply with HRS Chapter 205 and MCC Title 19 relating to the agricultural district and Agricultural zone, and that civil penalties may be imposed against the Unit Owner for noncompliance with HRS Chapter 205 and/or MCC Title 19. The Developer makes no representations or warranties regarding the Project's initial or continued compliance with HRS Chapter 205 or MCC Title 19, nor regarding any Owner's ability to develop, alter, improve or renovate the Owner's Unit or Private Yard Area.

The following are a sample of relevant special use restrictions as set forth in Article 3 of the Master Declaration:

"3.01. Permitted Uses. [T]he following activities . . . shall be prohibited to the extent such prohibition shall not be restricted by the Hawaii Right to Farm Act or other provision of State or County Law:

- (a) The raising or storage of pigs or roosters for any purpose;
- (b) The slaughtering, smoking or curing of animals; or
- (c) Any use prohibited by any other section of [Article 3 of the Master Declaration]."

3.02 Animal Control. All animals will be confined to the borders of their Owner's Property at all times when out of doors and shall be controlled so as not to disturb any occupant of the neighborhood.

3.03 Vehicles and Parking. Vehicles which become inoperable and outside of an enclosed garage must be removed from the property or promptly placed within an enclosed garage within two weeks of becoming inoperable. School buses, heavy trucks and heavy non-agricultural equipment shall not be parked on any Property except on a temporary basis in connection with construction or site work being conducted on said Property.

3.04 Nuisances. No noxious or offensive activity shall be carried on upon any Property, nor shall anything be done on any Property which may be or may become an annoyance or nuisance to any occupants of the Neighborhood, including but not limited to activities (other than normal and reasonable agricultural activities) which cause unreasonable noise, dust, or odors or unreasonably violate privacy or violate any applicable laws, rules or regulations. It is understood that this restriction shall not, however, apply to Declarant [under the Master Declaration] or its successor as Developer of said land with respect to noise, dust or inconvenience caused by the construction of roads, utilities or other improvements or to the grading of, or construction of buildings on, any lot, provided that such activities are carried on with reasonable safeguards consistent with normal industry practices and standards. See also Section 3.01 concerning the Hawaii Right to Farm Act and Section 8.01 concerning the non-liability of Declarant and others for development and agriculture nuisances,

3.05 Maintenance of Structures, Properties and Drainage Areas. All structures located on each Property shall be kept in attractive condition, in good order and repair, and free from visible

deterioration. Whether vacant or improved with a dwelling each Property shall be irrigated and kept green with healthy vegetation (except during periods immediately following harvest) consistent with sound and prudent soil, conservation and agricultural maintenance practices. The Owner of each Property will maintain any drainage area on the Property in accordance with all County of Maui requirements and will refrain from dumping vegetation waste or other debris therein and shall keep said area free of buildings, paving and obstructions which would reduce or interfere with its operation as a drainage facility.

3.06 Irrigation System Plan. Attached hereto as Exhibit D is the current version of Declarant's Irrigation System Plan, as required by the County of Maui. Declarant shall not be obligated to provide non-potable water for irrigation, but if in Declarant's discretion Declarant does so, all Owners will be bound by said plan. The Declarant reserves the right to change said plan from time to time as the irrigation and non-potable water system is implemented and operated, the requirements of regulatory authorities may change, the needs and requirements of system operations may dictate, and other developments to be served by the system shall require. Declarant shall obtain all necessary governmental approvals for each such change and shall notify the Association of each such change. Declarant may delegate this authority to any entity to which the system or its operation may be transferred or delegated.

3.07 Hazardous Materials. No Owner shall use, generate, store or dump any hazardous materials" on any Property or in any other portion of the Neighborhood. "Hazardous materials means those materials and substances which are identified as hazardous, toxic or otherwise regulated under applicable federal, state or local environmental laws, rules or regulations.

3.08 Refuse and Building Materials. Trash, garbage and domestic waste shall not be kept on any Property except in containers, stored inside the dwelling or enclosed garage and not visible from any street or other Property. Agricultural waste shall be managed and maintained in a prudent and responsible manner consistent with Section 3.04 above. No new or used building materials shall be stored on any Property except during active construction and all construction waste will be removed promptly after construction is complete. No Property shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste.

3.09 Exterior Lighting. All exterior lights shall be appropriately screened so as not to cause any unreasonable glare visible from adjoining Properties or roads and so as to prevent harm to the shearwater and other seabirds. The detailed exterior lighting standards, approved by the County of Maui, are attached hereto as Schedule 1 to Exhibit B to [the Master Declaration], and incorporated by reference herein.

3.10 Grading and Drainage. No Owner of any Property will alter the grade or topography of any Property in a manner which would materially increase or change the location or direction of the flow of drainage from the Property to any adjoining Property or to any road. Owners are required to retain on site any additional drainage created by improvements to their Property.

3.11 Completion of Construction. Once the construction of any building or structure on a Property has commenced, said building or structure shall be pursued in good faith and with due diligence to completion within the shortest reasonable time and in all events said building or structure and all surrounding grass, planted areas and other landscaping shall be completed not later than 18 months from the date of commencement [of construction of the building or structure].

3.12 Easement Areas. No buildings or other structures shall be built within any area labeled on the Plan as easements for landscaping, setbacks, water, drainage, electricity, telephone, CATV or other utilities.

3.13 Signs. Signs shall be prohibited except (a) Declarant's signs in connection with the construction, promotion and sale of Olowalu Mauka; (b) not more than one standard broker's-type "for sale" sign on a Property in connection with resale of said Property; (c) subdivision and road

identification signs installed by the Declarant or the Board of Directors of the Association and approved by Declarant; and other signs permitted under the Design Guidelines.

3.14 Utilities. All utilities within Olowalu Mauka and within each Property shall be underground, except for overhead lines existing on the date of [the Master Declaration].

3.15 Building Height. The height of any building or structure on a property shall not exceed 30 feet above finished grade.

3.16 Reflective Materials. No building, improvement or structure located on any lot shall have a roof consisting of a highly reflective material or incorporate mirrored glass on the exterior of such building, improvement or structure.

3.17 Temporary Structures. No temporary buildings or structures, sheds, tents, or trailers of any kind shall be erected or permitted to remain on any Property except during periods of construction and only incidental to construction.

3.18 Septic. The Owner of each Property shall be responsible for installing, operating, maintaining, repairing and replacing the septic system on his or her lot, which shall comply with all applicable laws, rules and regulations. Aerobic systems shall be required for all systems located within one thousand feet (1000') of a well.

....

3.20 Timeshares. No timesharing plans as defined in HRS Chapter 514E or any successor statute or any comparable Maui County Ordinance shall be permitted,

....

3.24 Compliance With Design Standards and Laws. All structures, shall comply with (a) the Design Standards attached hereto as Exhibit B as they may be amended by the Declarant from time to time and (b) all applicable laws, rules and regulations. Where requirements in [the Master Declaration] are more stringent than applicable laws, rules and regulations, the requirements in [the Master Declaration] shall govern."

Note: The 18-month construction completion requirements referenced in Section 3.11 above applies to all Unit owners and is separate and apart from the obligation of the Developer to complete construction of the Unit within two years that is described in Section 5.5 (on page 14) of this Developer's Public Report.

THIS SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE DECLARATION OR THE MASTER DECLARATION. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF CERTAIN SPECIAL USE RESTRICTIONS UNDER THE DECLARATION AND THE MASTER DECLARATION, BUYER MUST REFER TO THE DECLARATION AND THE MASTER DECLARATION TO DETERMINE ALL ACTUAL SPECIAL USE RESTRICTIONS RELATED TO THE UNITS AND THE PROJECT. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DECLARATION AND/OR THE MASTER DECLARATION, THE DECLARATION AND/OR THE MASTER DECLARATION WILL CONTROL.