DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	KO'OLAU GARDENS CONDOMINIUM
Project Address	300 Hana Highway Hana, HI 96713
Registration Number	6833
Effective Date of Report	September 15, 2009
Developer(s)	Jennifer E. Nadler, Jerrold E. Nadler, and Carl Bertelmann

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

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

3. There are County restrictions on the number of residential units and other structures which may be built on the Project property. Buyer should consult with the appropriate Maui County agencies to determine what residences and structures are permitted on the property. Under the current zoning ordinance, two farm dwellings are permitted on the property, one of which - the second farm dwelling - is restricted to one thousand (1,000) square feet of developable area. For purposes of this Condominium, in which Unit A and Unit B are spatial portions of the condominium, the Declaration of this Condominium Project limits Unit B to a second farm (Ohana) dwelling of no more than one thousand (1,000) square feet in area and permits a first farm dwelling of greater size to be constructed within Unit A. DEVELOPER MAKES NO REPRESENTATIONS AS TO WHAT DWELLINGS AND STRUCTURES WILL BE ALLOWED ON THE PROPERTY UNDER MAUI COUNTY ORDINANCES AND REGULATIONS. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE MATTERS.

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

5. This Condominium does not have a Maui County water meter, is not serviced by the County of Maui Department of Water Supply, and has no water service, water system or septic system. Each unit owner is responsible for providing water and septic service to its unit and any appurtenant Limited Common Element for all purposes, both potable and non-potable. Due to the current shortage of water in the Department's Upcountry water system, it may not be possible to obtain a County water meter for the project property and a catchment system may have to be constructed by each unit owner. BUYER SHOULD CONSULT WITH AN ATTORNEY OR CONTACT THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

THE PROSPECTIVE BUYER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO ALL OF THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒Fee Simple ☐Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒Yes ☐No
Fee Owner's Name if Developer is not the Fee Owner	not applicable
Address of Project	300 Hana Highway Hana, HI 96713
Address of Project is expected to change because	not applicable
Tax Map Key (TMK)	(2) 1-2-004-012
Tax Map Key is expected to change because	not applicable
Land Area	6.254 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	0
Floors Per Building	0
Number of New Building(s)	0
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	not applicable

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 1st FD	1	0/0	4.000 acres			4.000 ac.
B 2nd FD	1	0/0	2.245 acres			2.245 ac.
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 Stall in the Project:	0
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	0
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:
Unit A: Boundary lines; See Exhibit B of Declaration, as amended, and Condo Map.
Unit B: Boundary lines; See Exhibit B of Declaration, as amended, and Condo Map.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):
Unit A: Construction of First Farm Dwelling and other structures as allowed by County and State regulation.
Unit B: Construction of Second Farm Dwelling and other structures as allowed by County and State regulation.

1.7 Common Interest

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

Described in Exhibit ___H___.

As follows:
Unit A: 66.67%
Unit B: 33.33%

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

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☐	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☒	Other (describe): Common Element 1 (Entry)

1.9 Common Elements

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

Described in Exhibit A .

Described as follows:
The underlying property in fee simple; and
Limited Common Element A: 4.000 acres of land as shown on the Condominium Map; and
Limited Common Element B: 2.245 acres of land as shown on the Condominium Map; and
Common Element 1: 0.008 acres of land for purposes of entry to the project property

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

Described in Exhibit A .

Described as follows:

Limited Common Element A, appurtenant to Unit A: 4.000 acres of land as shown on the Condominium Map.

Limited Common Element B, appurtenant to Unit B: 2.245 acres of land as shown on the Condominium Map.

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.

☐	Pets:
☐	Number of Occupants:
☒	Other: See Exhibit A; See Declaration sections G and K.2
☐	There are no special use restrictions.

1.12 Encumbrances Against Title

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

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

Date of the title report: May 19, 2009

Company that issued the title report: Fidelity National Title Insurance Company

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
☐	Residential		☐ Yes ☐ No	
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☐	Industrial		☐ Yes ☐ No	
☒	Agricultural	2	☒ Yes ☐ No	Agriculture
☐	Recreational		☐ Yes ☐ No	
☐	Other (Specify):		☐ Yes ☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			☒ Yes ☐ No	
Variances to zoning code have been granted.			☐ Yes ☒ 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

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.

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.

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.

	Conforming	Non-Conforming	Illegal
Uses	☒	☐	☐
Structures	☒	☐	☐
Lot	☒	☐	☐

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:

not applicable

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☐ **Applicable** ☒ **Not Applicable**
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:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations:	
Estimated cost of curing any violations described above:	

Verified Statement from a County Official

Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:

(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:
- (i) Any variances or other permits that have been granted to achieve compliance;
- (ii) Whether the project contains any legal 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;

or

(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.

Other disclosures and information:

1.16 Project In Agricultural District

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.**	☐ **Yes** ☐ **No**
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? ☐ Yes ☐ No If the answer is "No", provide explanation.	
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? ☐ Yes ☐ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information: See Exhibit G: Developer's Disclosure of Requirements for Building Farm Dwelling Units	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? **If answer is "Yes", complete information below.**	☐ **Yes** ☒ **No**
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Jennifer E. Nadler, Jerrold E. Nadler and Carl Bertelmann Business Address: c/o Joel Eser Richman 47 Lepo Pl. Haiku, HI 96708 Business Phone Number : 808.572.6293 E-mail Address: jennadler444@hotmail.com
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).	not applicable
2.2 Real Estate Broker	Name: Fred Haywood Realty/Fred W. Haywood Inc. Business Address: 120 Hana Hwy #3 Paia, HI 96779 Business Phone Number: 808.579.8848 E-mail Address: fred@fredhaywood.com
2.3 Escrow Depository	Name: Fidelity National Title & Escrow of Hawaii, Inc. Business Address: 201 Merchant St. Suite 2100 Honolulu, HI 96813 Business Phone Number: 808.536.0404
2.4 General Contractor	Name: not applicable Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: self managed by AOUO of Ko'olau Gdns Condo Business Address: c/o Joel Eser Richman 47 Lepo Pl., Haiku, HI 96708 Business Phone Number: 808.572.6293
2.6 Attorney for Developer	Name: Joel Eser Richman, Esq. Business Address: 47 Lepo Pl. Haiku, HI 96708 Business Phone Number: 808.572.6293

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	December 5, 2008	2009-015465

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 23, 2009	2009-075468
Bureau of Conveyances	May 18, 2009	2009-075469

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	January 15, 2009	2009-015466

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	4772

Dates of Recordation of Amendments to the Condominium Map:
May 18, 2009 as 2009-075469

3.4 House Rules

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

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	100%

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

☒	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☐	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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):	
☐	Not affiliated with the Developer
☒	None (self-managed by the Association)
☐	The Developer or an affiliate of the Developer
☐	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
☐	Electricity for the common elements
☐	Gas for the common elements
☐	Water
☐	Sewer
☐	TV Cable
☐	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
☒	Electricity for the Unit only
☒	Gas for the Unit only
☒	Water
☒	Sewer
☒	TV Cable
☒	Other (specify) telephone, internet service

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	Specimen Sales Contract Exhibit E contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☒	Escrow Agreement dated: April 21, 2009 Name of Escrow Company: Fidelity National Title and Escrow of Hawaii, Inc. Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
☐	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.

☐	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☐	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____ .
☐	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.	
☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens that may affect title to the individual units.

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

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: not applicable
Appliances: not applicable

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

Status of Construction: not applicable
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: not applicable
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: not applicable

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

☒	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. *If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.*

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):	
☐	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
☐	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

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

Box A ☐	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. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.**
Box B ☐	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. 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 **Important Notice Regarding Your Deposits** 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, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.** (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. You should understand that, although the **Important Notice Regarding Your Deposits** 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.

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

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	**Developer's Public Report**
2.	**Declaration of Condominium Property Regime (and any amendments)**
3.	**Bylaws of the Association of Unit Owners (and any amendments)**
4.	**Condominium Map (and any amendments)**
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: Maui County Code, Title 19. Zoning Website to access official copy: http://ordlink.com/codes/maui/_DATA/TITLE19/index.html

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

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

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

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

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

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

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

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

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

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

2. The County of Maui does not provide water service to the project property. Each Unit owner is responsible for installing, operating, maintaining, repairing and replacing each Unit owner's respective water system. No warranties or representations are made as to the useful life and cost of installing, maintaining, operating, repairing, or replacing a catchment system to service each Unit. DEVELOPER SHALL NOT BE LIABLE TO ANY UNIT OWNER OR TENANT OR OTHER OCCUPANT OF ANY UNIT OR ANY OTHER AFFECTED PERSON FOR ANY CLAIMS, LOSSES, DAMAGES OR EXPENSES WHICH SHALLL BE CAUSED BY OR SHALL RESULT FROM (A) ANY FAILURE OF A WATER CATCHMENT SYSTEM TO PROVIDE WATER TO ANY UNIT, OR (B) ANY CONTAMINATION OR DEFECTS IN WATER QUALITY OR ITS UNSUITABILITY FOR ANY REASON FOR DRINKING, IRRIGATION OR ANY OTHER PURPOSE REGARDLESS OF THE CAUSE OF SAID FAILURE OR CONTAMINATION. ALL PROSPECTIVE BUYERS ACKNOWLEDGE THAT CONTAMINATION IN SOME CIRCUMSTANCES MAY CAUSE SERIOUS PHYSICAL ILLNESS, INJURY OR DEATH AND ARE URGED TO TAKE PREVENTATIVE ACTION BY PERIODIC TESTING. IT IS FURTHER RECOMMENDED THAT ANY POTENTIAL BUYER SEEK A PROFESSIOUNAL OPINION REGARDING PRIVATE WATER SYSTEMS PRIOR TO PURCHASING A UNIT.

3. Neither Unit A nor Unit B has a septic system and County sewer service is not available. Each Unit owner shall be responsible for all costs of installation, maintenance, operation and replacement of its Unit's septic system. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of such a system.

4. Developer certifies that the property is zoned agriculture by the County of Maui. Use and improvement of agricultural property on Maui is restricted by County, State and federal regulation. BEFORE PURCHASING, BUYER SHOULD CONSULT WITH ALL APPROPRIATE GOVERNMENT AGENCIES TO ASCERTAIN ALL RESTRICTIONS ON CONSTRUCTION OF IMPROVEMENTS THERON, SHOULD CAREFULLY READ EXHIBIT G TO THIS REPORT (Developer's Disclosure of Requirements for Building Farm Dwelling Units) AND SHOULD CONSULT WITH AN ATTORNEY TO ASCERTAIN WHETHER DWELLINGS MAY BE BUILT AND UNDER WHAT CONDITIONS.

5. Recently enacted State law prohibits all restrictions on agricultural uses and activities on agricultural zoned land. BUYER UNDERSTANDS THAT ACTIVITIES SUCH AS RAISING OF ANIMALS ON, AND OVERSPRAY OF IRRIGATION, PESTICIDE, INSECTICIDE, HERBICIDE OR FERTILIZER FROM NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO BUYER.

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

7. Each Unit owner shall obtain insurance to cover fire and casualty loss for a Unit. Also each Unit should be separately insured against liability risks, and each policy should name the owner(s) of the other unit as a named or additional insured. The Common Element Driveway should be separately insured by a joint policy as a shared common expense.

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

9. The subject property is not within a 100-year flood inundation area.

10. Amendment of the Condominium Documents and actions of the Association require agreement of 100% of the Owners of the Units. Management of the Condominium requires that each owner must attend a meeting of the Association for quorum to be reached. In fact, without participation of all owners, no action may be taken by the Association. Any party to any dispute among the unit owners, and/or between a unit owner and the association, may demand mediation pursuant to HRS § 514B-161, where each side bears its own costs. Prospective purchasers should note that in the event of failure of such mediation, disputes may result in costly litigation.

11. There are County restrictions on the number of residential units and other structures which may be built on the Project property. Buyer should consult with the appropriate Maui County agencies to determine what residences and structures are permitted on the property. Under the current zoning ordinance, two farm dwellings are permitted on the property, one of which - the second farm dwelling - is restricted to one thousand (1,000) square feet of developable area. For purposes of this Condominium, in which Unit A and Unit B are spatial portions of the condominium, the Declaration of this Condominium Project limits Unit B to a second farm (Ohana) dwelling of no more than one thousand (1,000) square feet in area and permits a first farm dwelling of greater size to be constructed within Unit A. DEVELOPER MAKES NO REPRESENTATIONS AS TO WHAT DWELLINGS AND STRUCTURES WILL BE ALLOWED ON THE PROPERTY UNDER MAUI COUNTY ORDINANCES AND REGULATIONS. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE MATTERS.

12. Unit B of the KO'OLAU GARDENS CONDOMINIUM is encumbered by Easement 1 for access purposes in favor of Unit A. In the same manner as if the Unit were a fee-simple parcel, the owner of Unit B cannot erect or locate, or allow to be erected or located, any structure or other thing in such a manner as to impede access over this easement. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE MATTERS.

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

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

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

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

Jennifer E. Nadler, Jerrold E. Nadler and Carl Bertelmann

Printed Name of Developer

By: /S/ 5/27/09

Duly Authorized Signatory* Date

Jennifer E. Nadler, Jerrold E. Nadler and Carl Bertelmann, owners

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

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

EXHIBIT A

DESCRIPTION OF BUILDINGS

No buildings are located on the condominium project. Upon expansion, relocation, construction or reconstruction of any unit by any owner(s) thereof as provided in the Declaration, the modified or new building comprising any unit may be constructed of any building material meeting applicable building codes including but not limited to concrete, masonry, plaster, wood, glass or related materials.

Provided, however, that Unit A is designated as containing the site for a first farm dwelling and Unit B is designated as containing the site for a second farm dwelling (both terms as defined by applicable building and zoning codes). Construction or modification of any dwelling on Unit B shall not result in a structure with a floor space in excess of one thousand square feet (1000 sq. ft.). If applicable building and zoning codes are amended at some future date to allow a second farm dwelling with a floor space in excess of 1000 sq. ft., this limitation will without further action conform with any such amendment to permit the owner of Unit B to build a second farm dwelling in conformance with then applicable building and zoning codes.

DESCRIPTION OF UNITS

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

Unit A is a spatial portion of the project enclosing 2,933,766 cubic feet, covering 2.245 acres of land, as set forth on the Condominium Map.

Unit B is a spatial portion of the project enclosing 5,227,200 cubic feet, covering 4.000 acres of land, as set forth on the Condominium Map.

Unit A has access over Limited Common Element A to Easement 1 to Common Element 1, which provides direct access to a public road (Hana Highway).

Unit B has access over Limited Common Element B to Common Element 1, which provides direct access to a public road (Hana Highway).

The boundaries of each unit are shown on the Condominium Map.

The horizontal spatial coordinates of Unit A are:

All of that certain parcel of land being a portion of Land Patent Grant 5002 to N. E. Lemmon, being a portion of Lot 23 of the Public Lands (Map 20), being also a portion of Lot 1 of the Ibbetson Subdivision and being also Unit A / Limited Common Element A of the Ko'olau Gardens Condominium.

Situated at Koolau, Nahiku, Hana, Maui, Hawaii

Beginning at a 1/2-inch pipe (set) at the northeasterly comer of this parcel of land, being the southeasterly comer of Unit B / Limited Common Element B of the Ko'olau Gardens Condominium and being also a point on the westerly boundary of Lot 2 of the Ibbetson Subdivision [TMK: (2) 1-2-004:.011], the coordinates of said point of beginning referred to Government Survey Triangulation Station "OPIKOULA" being 7,813.66 feet south and 1,244.58 feet west and running by azimuths measured clockwise from true south; thence,

1.	210°	28'	15"	388.73	feet along Lot 2 of the Ibbetson Subdivision [TMK: (2) 1-2-004:011] to a 3/4-inch pipe (found); thence,
2.	107°	32'		443.67	feet along Land Patent Grant 4527 to Eliza Dos Reis [TMK: (2) 1-2-004:003 portion] to a 3/4-inch pipe (found); thence,
3.	202°	46'		407.41	feet along Land Patent Grant 4442 to A. Hocking [TMK: (2) 1-2-004:003 portion] to a I/2-inch pipe (set); thence,
4.	289°	54'		433.57	feet along Unit B / Limited Common Element B of the Ko'olau Gardens Condominium to the point of beginning and containing an area of 4.000 acres, more or less.

The vertical spatial coordinates of Unit A are the surface bounded by the horizontal coordinates of Unit A, and a surface 30 feet above the surface bounded by the horizontal coordinates of Unit A.

The horizontal spatial coordinates of Unit B are:

All of that certain parcel of land being a portion of Land Patent Grant 5002 to N. E. Lemmon, being a portion of Lot 23 of the Public Lands (Map 20), being also a portion of Lot 1 of the Ibbetson Subdivision and being also Unit B / Limited Common Element B of the Ko'olau Gardens Condominium.

Situated at Koolau, Nahiku, Hana, Maui, Hawaii

Beginning at a 1/2-inch pipe (set) at the southeasterly corner of this parcel of land, being the northeasterly corner of Unit A / Limited Common Element A of the Ko'olau Gardens Condominium and being also a point on the westerly boundary of Lot 2 of the Ibbetson Subdivision [TMK: (2) 1-2-004:011], the coordinates of said point of beginning referred to Government Survey Triangulation Station "OPIKOULA" being 7,813.66 feet south and 1,244.58 feet west and running by azimuths measured clockwise from true south; thence,

1.	109°	54'	433.57	feet along Unit A / Limited Common Element A of the Ko'olau Gardens Condominium to a 1/2-inch pipe

				(set); thence,
2.	202°	46'	256.42	feet along Land Patent Grant 4442 to A. Hocking [TMK: (2) 1-2-004:003 portion] to a 1/2-inch pipe (set); thence,
3.	314°	00'	8.56	feet along the southerly side of Hana Highway right-of-way to a 1/2-inch pipe (set); thence,
4.	Following along the same along a curve to the left with a radius of 225.00 feet, the chord azimuth and distance being,			
	303°	30'	82.01	feet to a 3/4-inch pipe (found); thence,
5.	293°	00'	339.62	feet along the same to a 3/4-inch pipe (found); thence,
6.	21°	28' 15"	215.03	feet along Lot 2 of the Ibbetson Subdivision [TMK: (2) 1-2-004:011] to the point of beginning and containing an area of 2.245 acres, more or less.

The vertical spatial coordinates of Unit B are the surface bounded by the horizontal coordinates of Unit B, and a surface 30 feet above the surface bounded by the horizontal coordinates of Unit B.

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

LOCATION, RELOCATION, AND NUMBERING OF UNITS

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

APPROXIMATE AREA OF UNITS

Unit	
A	A spatial portion of the project enclosing 2,933,766 cubic feet on 2.245 acres of land.
B	A spatial portion of the project enclosing 5,227,200 cubic feet on 4.000 acres of land.

COMMON ELEMENT

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

(a) The Property in fee simple; and

(b) Common Element 1, an entry having an area of 348.48 square feet or 0.008 acres of land, as shown on the Condominium Map.

LIMITED COMMON ELEMENTS

A	2.245 acres of land as shown on the Condominium Map.
B	4.000 acres of land as shown on the Condominium Map.

END OF EXHIBIT A

EXHIBIT B

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by Public Records.

2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

6. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2008-2009, Tax Map Key (2) 1-2-004-012.

1st installment: $30.00 Paid

2nd installment: $30.00 Paid

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

8. Terms, covenants, conditions, reservations and restrictions, as contained in that certain Subdivision Agreement (Agricultural Use), dated July 1, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-116028.

9. Terms, covenants, conditions, reservations and restrictions, as contained in that certain Subdivision Agreement (Large Lots), dated July 23, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-127202.

10. Terms, covenants, conditions, reservations and restrictions, as contained in that certain Subdivision Agreement (Three Lots or Less), dated July 1, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-127203.

11. Terms, covenants, conditions, reservations and restrictions, as contained in that certain Agreement for the Deferral of Subdivision Water System Improvements, dated October 5, 1992, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-169926.

12. Co-Tenancy Agreement

Dated: August 29, 2008

Recorded: August 29, 2008 in the Bureau of Conveyances of the State of Hawaii, as Document No. 2008-136973.

13. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby

Amount: $336,000.00

Dated: August 15, 2008

Loan No.: 604586

Mortgagor: Jennifer E. Nadler, single, Jerrold E. Nadler, married and Carl A. Bertelmann, single

Mortgagee: Finance Factors, Limited, a Hawaii corporation

Recorded: August 29, 2008 in the Bureau of Conveyances of the State of Hawaii, as Document No. 2008-136972.

14. Condominium Map No. 4772, recorded in the Bureau of Conveyances of the State of Hawaii.

15. Covenants, conditions, and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as contained in the following:

Declaration of Condominium Property Regime of KO'OLAU GARDENS CONDOMINIUM

Dated: December 5, 2008

Recorded: February 4, 2009 in the Bureau of Conveyances of the State of Hawaii, as Document No. 2009-015465.

The foregoing was amended by the following:

First Amendment to Declaration of Condominium Property Regime of Ko'olau Gardens Condominium

Dated: April 23, 2009

Recorded: May 18, 2009 in the Bureau of Conveyances of the State of Hawaii, as Document No. 2009-075468.

First Amendment of Condominium Map of Ko'olau Gardens Condominium

Dated: April 23, 2009

Recorded: May 18, 2009 in the Bureau of Conveyances of the State of Hawaii, as Document No. 2009-075469.

16. By-Laws of the Association of Apartment Owners of KO'OLAU GARDENS CONDOMINIUM, dated , recorded February 4, 2009 in the Bureau of Conveyances of the State of Hawaii, as Document No. 2009-015466.

17. Upon conveyance of any Apartment Unit(s), said Apartment shall become subject to the following: a) Terms, provisions and conditions as contained in the Original Apartment Deed and the effect of any failure to comply with such terms, provisions and conditions. b) Any and all easements encumbering the apartment herein mentioned, and/or the common interest apartment thereto, as created by or mentioned in said Declaration, as said Declaration may be amended from time to time in accordance with the law and/or in the Original Apartment Deed, and/or as delineated on said Condominium Map.

END OF EXHIBIT B

EXHIBIT "C"

ESTIMATED MONTHLY MAINTENANCE FEES

Unit	Common Interest Percentage	Monthly Base Common Expense	Monthly Reserve Contribution	Total Monthly Assessment
A	66.67%	$51.95	$5.56	$57.50
B	33.33%	$25.97	$2.78	$28.75

Schedule of Estimated Maintenance Fees

	MONTHLY	ANNUAL
Administrative		
Insurance	$41.67	$500.00
Maintenance		
Common element landscaping	$16.67	$200.00
Common element maintenance	8.33	100.00
Total Expenses Before Reserve	$66.67	$800.00
Reserve(*)		
Capital Reserve Contribution	$8.33	$100.00
Subtotal Operating Expenses	$75.00	$900.00
Contingency		
Contingency © 15.0%	$11.25	$135.00
TOTAL OPERATING EXPENSES	$86.25	$1,035.00

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

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

NOTE: THE ABOVE FIGURES MAY NOT ADD UP EXACTLY DUE TO ROUNDING
NOTE: THIS ESTIMATE ASSUMES CASH BASIS

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

Reserve Calculation

Common Element Item	Current Useful Life (Years)	Estimated Replacement Cost	Annual Reserve
Comon Element	10	$1,000.00	$100.00
	Total Annual Reserve		$100.00

We, the undersigned condominium developer for the KO'OLAU GARDENS 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.

Jennifer E. Nadler — Date: 5/29/09

Carl Bertelmann — Date: 5/29/09

Jerrold E. Nadler — Date: 5/29/09

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

ATTACHMENT 1 TO ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

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

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

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

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END OF EXHIBIT "C"

EXHIBIT D

COUNTY OF MAUI
DEPARTMENT OF PLANNING
Kalana Paku'i Building
250 South High Street
Wailuku, Hawaii 96793

Zoning Administration
and Enforcement Division
Telephone: (808) 270-7253
Facsimile: (808) 270 7634
E-mail: planning@mauicounty.gov

ZONING AND FLOOD CONFIRMATION

APPLICANT INFORMATION (To be completed by Applicant)			
APPLICANT'S NAME	Joel Eser Richman, Esq.		
TELEPHONE	572-6293 Fax: 572-4580	E-MAIL	jer@haikulaw.com
PROJECT NAME	KO'OLAU GARDENS CPR		
ADDRESS/LOCATION	300 HANA HIGHWAY HANA, HI 96713		
TAX MAP KEY NO	(2) 1-2-004:012		

ZONING INFORMATION (To be completed by ZAED)	
COMMUNITY PLAN	AG-AGRICULTURE
ZONING	AG-COUNTY'S AGRICULTURAL DISTRICT SMA NONE-NOT IN THE SPECIAL MANAGEMENT AREA STATE AG-STATE AGRICULTURAL DISTRICT

FLOOD INFORMATION (To be completed by ZAED)					
FLOOD HAZARD AREA ZONE(S):	C				
BASE FLOOD ELEVATION:	N/A	mean sea level, 1929 National Geodetic Vertical Datum.			
FOR FLOOD ZONE AO, DEPTH:	N/A				
FLOODWAY		Yes	or	X	No
FLOOD DEVELOPMENT PERMIT IS REQUIRED:		Yes	or	X	No

*For flood hazard area zones B or C; a flood development permit would be required if any work is done in any drainage facility or stream area that would reduce the capacity of the drainage facility, river, or stream, or adversely affect downstream property.

Be advised that with the September 2009 adoption of FEMA's (Federal Emergency Management Agency) Digital Flood Insurance Rate Maps (DFIRMs) the property's flood zone designation will be changed to N/A with a base flood elevation of _____ feet mean sea level, 1929 NGVD. FEMA's new DFIRM will impact the property's flood risk designation and, consequently, require federally-mandated flood insurance for federally-backed mortgages. Properties affected by the change in the FEMA flood zone maps will face increases to their flood insurance when the maps go into effect on September 25, 2009. Some properties will see a significant increase in insurance rates. Properties that are currently in Zone C may secure flood insurance at a discounted rate if obtained prior to 9/25/2009. You may learn more on insurance costs at www.floodsmart.gov/floodsmart/ .

For Flood Zone AO, FLOOD DEPTH			Effective 9/25/2009
FLOODWAY	☐ Yes ☐ No		Effective 9/25/2009
FLOOD DEVELOPMENT PERMIT REQUIRED	☐ Yes ☐ No		Effective 9/25/2009

FOR COUNTY USE ONLY

REMARKS/COMMENTS:

☐ Additional information required ☐ Information submitted is correct

☐ Required for Agricultural Subdivisions ☐ Correction has been made and initialed

Agricultural Assessment RFS No.

Reviewed and Confirmed by:

(Signature) 6/2/09 (Date)

For AARON SHINMOTO, Planning Program Administrator
Zoning Administration and Enforcement Division

(05.09)

END OF EXHIBIT D

EXHIBIT E
SUMMARY OF UNIT SALES CONTRACT

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

a. The total purchase price, method of payment and additional sums that must be paid in connection with the purchase of a unit.

b. That the purchaser acknowledges having received and read the Developer's Public Report for the Project prior to signing the Sales Contract.

c. That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.

d. That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

e. Requirements relating to the purchaser's financing of the purchase of a unit.

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

g. That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.

h. That the Project may be subject to ongoing sales activities that may result in certain annoyances to the purchaser.

I. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

j. That the purchaser may rescind the sales contract and not purchase the unit if there is a material change in the project that directly, substantially, and adversely affects the use or value of (1) the unit or appurtenant limited common elements; or (2) the project. Purchaser may rescind the sales contract up to midnight on the thirtieth (30th) day after the date of receipt of the notice and description of such material change.

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

END OF EXHIBIT E

EXHIBIT F

SUMMARY OF ESCROW AGREEMENT

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

a. Escrow will let the purchaser know when payments are due.

b. Escrow will arrange for the purchaser to sign all necessary documents.

c. The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

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

END OF EXHIBIT F

EXHIBIT G

Developer's Disclosure of Requirements for Building Farm Dwelling Units

The property on which the Ko'olau Gardens Condominium is located is zoned Agricultural. 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. In addition, County approval of a farm plan shall be required, along with implementation of the plan. There are Maui County restrictions on the number of residential dwelling units and other structures that may be built on the Condominium property.

Chapter 19.30, Agricultural District, of Title 19, Zoning, of the Maui County Code, contains specific restrictions regarding the construction of dwellings applicable to this property. Among the uses permitted by section 19.30A.050, is the construction of no more than two farm dwellings per lot, one of which shall not exceed one thousand square feet of developable area.

Section 19.30A.030, District Standards, sets minimum yard setbacks for front yards at twenty-five feet and for side and rear yards at fifteen feet and limits the maximum developable area for farm dwellings to ten percent of the total lot area. (This maximum developable area restriction applies to farm dwellings, but does not apply to any structure or portion thereof which is used to support agriculture, including but not limited to storage facilities, barns, silos, greenhouses and stables, and does not apply to utility facilities permitted by Chapter 19.30.) Section 19.30A.030 also limits the maximum height of any dwelling to thirty feet, except for vent pipes, fans, chimneys, antennae and solar collectors on roofs, which may not exceed forty feet.

For purposes of the Ko'olau Gardens Condominium, in which Unit A and Unit B are spatial units, the Declaration of the Condominium Project limits Unit B to a second farm (Ohana) dwelling of no more than one thousand (1,000) square feet in area and permits a first farm dwelling of greater size within Unit A.

BUYER SHOULD CONSULT WITH AN ATTORNEY AND WITH THE APPROPRIATE MAUI COUNTY AGENCIES TO DETERMINE WHAT RESIDENCES AND OTHER STRUCTURES ARE PERMITTED UNDER MAUI COUNTY REGULATION TO BE BUILT ON THIS PROPERTY. DEVELOPER MAKES NO REPRESENTATIONS AS TO WHAT ADDITIONAL DWELLINGS AND STRUCTURES WILL BE ALLOWED ON THE PROPERTY UNDER MAUI COUNTY ORDINANCES AND REGULATIONS.

END OF EXHIBIT G

EXHIBIT H

Description of Common Interest is as follows:

Unit A shall have a 66.7% undivided interest and Unit B shall have a 33.3% undivided interest (hereinafter the "common interests") in all common elements of the Project and the same respective shares in all common profits and common expenses of the Project and for all other purposes, including voting.

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

END OF EXHIBIT H