

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: ASSOCIATION OF APARTMENT OWNERS OF THE POIPU SANDS
Address: 1565 Pee Road
Koloa, Kauai, Hawaii 96756

Project Name(*): THE POIPU SANDS
Address: 1565 Pee Road
Koloa, Kauai, Hawaii 96756

Registration No. 1109

Effective date: January 20, 2004

Expiration date: February 20, 2005

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, in any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

X SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Preliminary Public Report dated: May 7, 1979
[X] Final Public Report dated: November 14, 1979
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports
[X] Must be read together with Final Public Report and Preliminary Report dated 11/14/79 and 5/7/79, respectively
[X] This report reactivates the public report(s) which expired on June 13, 1985

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

This supplemental public report is issued solely for the purpose of recognizing the changes that were made to the common element units in Building 6 of The Poipu Sands Condominium Project ("Project") by the Association of Apartment Owners of The Poipu Sands ("Association"). Originally, Building 6 was designated as an operation and recreation building and constituted a common element of the Project. In 2001 the Association obtained a building permit from the County of Kauai to renovate the bottom floor of Building 6 into a maids quarter/employee recreation area. The County of Kauai also authorized the conversion of the existing manager's unit on the second floor of Building 6 into a separate residential dwelling unit. In 2003, the Association obtained the written consent of 100% of the apartment owners of the Project to create and sell the new residential dwelling unit in Building 6 as a separate freehold estate. Based on this authorization the Association completed the renovation of the new residential dwelling unit designated as Unit 621 and filed a Third Amendment To Declaration Of Condominium Property Regime Of The Poipu Sands dated April 28, 2003 creating a new residential freehold apartment designated as Unit 621. The Third Amendment was filed in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-092113. The condominium map for the Project was also amended by filing the new floor plans for Unit 621 with the Bureau of Conveyances.

Since Unit 621 is being converted from a common element into a new residential freehold estate under the Declaration the percentage common interest of all residential apartments was changed. The changes to the percentage common interest of each residential apartment are noted in this supplemental public report.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. 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 or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common Elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment 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 an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely 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 buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: The ASSOCIATION OF APARTMENT OWNERS OF THE POIPU SANDS Phone: (808) 742-2229 (Business)
c/o Poipu Kai Resorts
1775 Poipu Road
Koloa, Kauai, Hawaii 96756

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Vincent K. Jones, Pres.

Barbara Palmer-Jordan, Vice Pres.

Carol O'Neil, Secretary

Allan Hanson, Treasurer

Real Estate Broker*: Pacific Ocean Properties Phone: (808) 742-6428 (Business)
Attn: Ms. Hannah Sirois
2253 Poipu Road
Koloa, Kauai, Hawaii 96756

Escrow: First American Title Company, Inc. Phone: (808) 245-7001 (Business)
4374 Kukui Grove Street, Suite 201
Lihue, Kauai, Hawaii 96766

General Contractor*: N/A for Apt. 621 Phone: _____ (Business)

Condominium Managing Agent*: Association of Apartment Owners of The Poipu Sands Phone: (808) 742-2229 (Business)
1775 Poipu Road
Koloa, Kauai, Hawaii 96756

Attorney for Developer: Belles, Graham, Proudfoot & Wilson Phone: (808) 245-4705 (Business)
Attn: Jonathan J. Chun, Esq.
4334 Rice Street, Suite 202
Lihue, Kauai, Hawaii 96766-1388

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. _____

Book 14066 Page 217

Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration dated December 29, 1980, recorded in said Bureau in Book 15250, Page 130. Second Amendment to Declaration of Condominium Property Regime of The Poipu Sands dated October 30, 2002, recorded in said Bureau as Document No. 2002-206400. Third Amendment to Declaration of Condominium Property Regime of The Poipu Sands dated April 28, 2003, recorded in said Bureau as Document No. 2003-092113.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. 653

Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Sheet 1 of the site plan reflects amendments to Declaration. Three additional sheets certified by Avery H. Youn, registered professional architect, were filed with Condo Map 653 to reflect changes the new Unit 621.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment 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 which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. _____

Book 14066 Page 217

Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to the By-Laws of the Association of Apartment Owners of The Poipu Sands dated March 5, 1991, recorded in said Bureau as Document No. 91-42598. Amendment to By-Laws of the Association of Apartment Owners of The Poipu Sands dated August 5, 1991, recorded in said Bureau as Document No. 13559. Restated By-Laws of the Apartment Owners of The Poipu Sands recorded in said Bureau as Document No. 95-012383. Unrecorded First Amendment to the Restated By-Laws of the Association of Apartment Owners of The Poipu Sand dated May 10, 2002.

D. **House Rules.** The Board of Directors may adopt 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.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interests which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-----	<u>N/A</u>

*The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 1565 Pee Road Tax Map Key: (TMK): (4) 2-08-020-008
Koloa, Kauai, Hawaii 96756

[] Address [] TMK is expected to change because _____

Land Area: 7.2 [] square feet [X] acre(s) Zoning: R-10

Fee Owner: Association of Apartment Owners of the Poipu Sands
 Name
1565 Pee Road
 Address
Koloa, Kauai, Hawaii 96756

Lessor:
 Name
 Address

C. Buildings and Other Improvements:

1. New Building(s) See page 16 of this report
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion – Unit 621 is a newly created residential dwelling unit created from an existing manager's unit that constituted a common element of the project. By unanimous consent of all of the apartment owners of the project Unit 621 was converted into a separate freehold estate of the Project.

2. Number of Buildings: 6 Floors Per Building Bldgs 1-5 – 3 floors/ Bldg 6 – 2 floors
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>73</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	<u>0</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare	<u>0</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/ these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

First Amendment to the Bylaws of the Association of Apartment Owners of The Poipu Sands dated March 5, 1991, prohibits timesharing of apartments and Restated By Laws of the Association of Apartment Owners of The Poipu Sands recorded in said Bureau as Document No. 95-012383.

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: No livestock, poultry, rabbits, or other animals whatsoever shall be allowed or kept without prior written consent of the Board.
- Number of Occupants: _____
- Other: Private dwelling use only by owners and lessees subject to Declaration of Covenants and Restrictions of the Poipu Kai Subdivision recorded in the Bureau in Liber 13428, Page 400.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>1</u>	<u>12</u>	<u>1/1.5</u>	<u>956</u>	<u>196</u>	<u>lanai</u>
<u>2</u>	<u>39</u>	<u>2/2</u>	<u>1,353</u>	<u>287</u>	<u>lanai</u>
<u>2T</u>	<u>19</u>	<u>2/2</u>	<u>1,371</u>	<u>354</u>	<u>lanai (2)</u>
<u>3</u>	<u>2</u>	<u>3/3</u>	<u>1,772</u>	<u>445</u>	<u>lanai (2)</u>
<u>2A</u>	<u>1</u>	<u>2/2</u>	<u>1,228</u>	<u>224</u>	<u>lanai</u>

Total number of Apartments: 73

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment: Apartments shall include all the walls and partitions which are not load bearing within its perimeter or party walls, any glass windows or panels within its perimeter, the inner decorated or finished surfaces of all walls, floors and ceilings, all adjacent lanais, and any fixtures and appliances originally installed therein.

Permitted Alterations to Apartments:

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

Not applicable. Initial Final Public Report issued November 14, 1979.

7. Parking Stalls:

Total Parking Stalls: 112

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	<u>112</u>	_____	_____	_____	_____	<u>112</u>
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>112</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>112</u>

Each apartment will have the exclusive use of at least 0 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis court Trash Chute/Enclosure(s)
- Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawfully at one time but which does not now conform to present zoning requirements:

	Conforming	Non-Conforming	Illegal
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interests:

1. Common Elements. Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

- described in Exhibit "A" .
 as follows:

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "B".

as follows:

3. **Common Interests:** Each apartment will have an undivided fractional interests in all of the common elements. This interest is called the "common interests." It is used to determine each apartment'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 apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit "C".

as follows:

E. **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 on or your purchase and ownership of an apartment in the project.

Exhibit "G" describes the encumbrances against the title contained in the title report dated October 27, 2003 and issued by First American Title Company, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

- [X] There are no blanket liens affecting title to the individual apartments.
- [] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:
No warranties.

2. Appliances:
Warranties as provided by manufacturer only.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

All apartments were completed in 1980.
Apartment Unit 621 was completed in 2003.

H. **Project Phases:**

The developer has has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment 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.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The current condominium managing agent for this project, named on page five (5) of this report is:

not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners Other _____

- B. **Estimate of Current Maintenance Fees:**

The Association will make assessments against your apartment 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 apartment and the apartment may be sold through a foreclosure proceeding.

Current maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "D" contains a schedule of current maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

None Electricity (Common Elements only Common Elements & Apartments)

Gas (_____ Common Elements only _____ Common Elements & Apartments)

Water Sewer Television Cable

Other _____

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate commission include but are not limited to:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 27, 2003
Exhibit "F" contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. **Buyer's Right to Cancel Sales Contract:**

1. **Rights Under the Condominium Property Act (Chapter 514A, HRS):**

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 1109 filed with the Real Estate Commission on November 14, 1979.

Reproduction of Report. When reproduced, this report must be on:

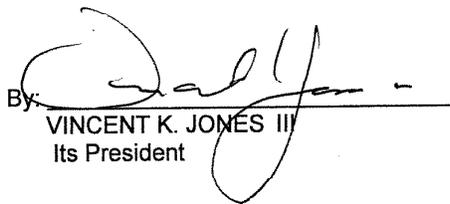
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C. **Additional Information Not Covered Above:**

None

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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 buyers 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.

ASSOCIATION OF APARTMENT OWNERS OF THE POIPU SANDS
Owner/Developer of Unit 621

By: 
VINCENT K. JONES III
Its President

November 14, 2003
Date

Distribution:

Department of Finance, _____ County of Kauai _____

Planning Department, _____ County of Kauai _____

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

COMMON ELEMENTS

The proposed Declaration states that the common elements shall include all of the land and improvements other than apartments specifically including:

1. All of the land of the Project;
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surface within each apartment), roofs, stairways, walkways, entrances and exits of the buildings;
3. The operation and the lower floor of the Building 6 situate between Buildings 2 and 3;
4. All yards, grounds, landscaping, refuse and like facilities;
5. All recreation areas of the Project, including the tennis court and the swimming pool and its filtration system;
6. All parking stalls and parking areas designated in said Condominium File Plan;
7. All driveways, loading areas, parking area entryways, and parking area exitways;
8. All central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), and all tanks, pumps, motors, fans, ducts and other apparatus and installations existing for, or in the buildings for common use; and
9. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment.

EXHIBIT "B"

LIMITED COMMON ELEMENTS

The proposed Declaration provides that there will be no limited common elements. No parking stalls will be assigned to any apartments.

EXHIBIT "C"

COMMON INTEREST

The location, approximate gross floor area, a lanai area, apartment type, number of rooms and common interest of each of the apartments are as follows:

<u>Building</u>	<u>Apt. No.</u>	<u>Apt. Type.</u>	<u>No. of Rooms</u>	<u>Gross Floor Area</u>	<u>Lanai Area</u>	<u>Percentage Common Interest</u>
1	111	2	7	1,640	287	1.40839
	112	1	6	1,152	196	0.98931
	113	2	7	1,640	287	1.40839
	114	2	7	1,640	287	1.40839
	115	1	6	1,152	196	0.98931
	116	2	7	1,640	287	1.40839
	121	2T	7	1,725	354	1.48139
	122	2T	7	1,725	354	1.48139
	123	2	7	1,640	287	1.40839
	124	2	7	1,640	287	1.40839
	125	2T	7	1,725	354	1.48139
	126	2T	7	1,725	354	1.48139
	133	2	7	1,640	287	1.40839
	134	2	7	1,640	287	1.40939
2	211	2	7	1,640	287	1.40839
	212	1	6	1,152	196	0.98931
	213	2	7	1,640	287	1.40839
	214	2	7	1,640	287	1.40839
	215	1	6	1,152	196	0.98931
	216	2	7	1,640	287	1.40839
	221	2T	7	1,725	354	1.48139
	222	2T	7	1,725	354	1.48139
	223	2	7	1,640	287	1.40839
	224	2	7	1,640	287	1.40839
	225	2T	7	1,725	354	1.48139
	226	2T	7	1,725	354	1.48139
	233	2	7	1,640	287	1.40839
	234	2	7	1,640	287	1.40839
3	311	2	7	1,640	287	1.40839
	312	1	6	1,152	196	0.98931
	313	2	7	1,640	287	1.40839
	314	2	7	1,640	287	1.40839
	315	1	6	1,152	196	0.98931
	316	2	7	1,640	287	1.40839
	321	2T	7	1,725	354	1.48139
	322	2T	7	1,725	354	1.48139
	323	2	7	1,640	287	1.40839
	324	2	7	1,640	287	1.40839
	325	2T	7	1,725	354	1.48139
	326	2T	7	1,725	354	1.48139
	333	2	7	1,640	287	1.40839
	334	2	7	1,640	287	1.40839
4	411	1	6	1,152	196	0.98931
	412	2	7	1,640	287	1.40839
	413	1	6	1,152	196	0.98931
	414	2	7	1,640	287	1.40839
	415	1	6	1,152	196	0.98931

	416	1	6	1,152	196	0.98931
	417	2	7	1,640	287	1.40839
	418	1	6	1,152	196	0.98931
	419	3	9	2,217	445	1.90390
	422	3	9	2,217	445	1.90390
	423	2T	7	1,725	354	1.48139
	424	2	7	1,640	287	1.40839
	425	2T	7	1,725	354	1.48139
	426	2T	7	1,725	354	1.48139
	427	2	7	1,640	287	1.40839
	428	2T	7	1,725	354	1.48139
	434	2	7	1,640	287	1.40839
	437	2	7	1,640	287	1.40839
5	511	2	7	1,640	287	1.40839
	512	2	7	1,640	287	1.40839
	513	1	6	1,152	196	0.98931
	514	2	7	1,640	287	1.40839
	515	2	7	1,640	287	1.40839
	521	2T	7	1,725	354	1.48139
	522	2	7	1,640	287	1.40839
	523	2T	7	1,725	354	1.48139
	524	2	7	1,640	287	1.40839
	525	2T	7	1,725	354	1.48139
	532	2	7	1,640	287	1.40839
	534	2	7	1,640	287	1.40839
6	621	2A	7	1,228	224	1.24686

EXHIBIT "D"
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
111	\$498.56	\$5,982.72
112	\$350.21	\$4,202.52
113	\$498.56	\$5,982.72
114	\$498.56	\$5,982.72
115	\$350.21	\$4,202.52
116	\$498.56	\$5,982.72
121	\$524.40	\$6,292.80
122	\$524.40	\$6,292.80
123	\$498.56	\$5,982.72
124	\$498.56	\$5,982.72
125	\$524.40	\$6,292.80
126	\$524.40	\$6,282.80
133	\$498.56	\$5,982.72
134	\$498.56	\$5,982.72
211	\$498.56	\$5,982.72
212	\$350.21	\$4,202.52
213	\$498.56	\$5,982.72
214	\$498.56	\$5,982.72
215	\$350.21	\$4,202.52
216	\$498.56	\$5,982.72
221	\$524.40	\$6,282.80
222	\$524.40	\$6,282.80

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

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
223	\$498.56	\$5,982.72
224	\$498.56	\$5,982.72
225	\$524.40	\$6,282.80
226	\$524.40	\$6,282.80
233	\$498.56	\$5,982.72
234	\$498.56	\$5,982.72
311	\$498.56	\$5,982.72
312	\$350.21	\$4,202.52
313	\$498.56	\$5,982.72
314	\$498.56	\$5,982.72
315	\$350.21	\$4,202.52
316	\$498.56	\$5,982.72
321	\$524.40	\$5,282.80
322	\$524.40	\$5,282.80
323	\$498.56	\$5,982.72
324	\$498.56	\$5,982.72
325	\$524.40	\$5,282.80
326	\$524.40	\$5,282.80
333	\$498.56	\$5,982.72
334	\$498.56	\$5,982.72
411	\$350.21	\$4,202.52
412	\$498.56	\$5,982.72
413	\$350.21	\$4,202,52
414	\$498.56	\$5,982.72
415	\$350.21	\$4,202,52
416	\$350.21	\$4,202,52

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

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
417	\$498.56	\$5,982.72
418	\$350.21	\$4,202.52
419	\$673.96	\$8,087.52
422	\$673.96	\$8,087.52
423	\$524.40	\$6,292.80
424	\$498.56	\$5,982.72
425	\$524.40	\$6,292.80
426	\$524.40	\$6,292.80
427	\$498.56	\$5,982.72
428	\$524.40	\$6,292.80
434	\$498.56	\$5,982.72
437	\$498.56	\$5,982.72
511	\$498.56	\$5,982.72
512	\$498.56	\$5,982.72
513	\$350.21	\$4,202.52
514	\$498.56	\$5,982.72
515	\$498.56	\$5,982.72
521	\$524.40	\$6,292.80
522	\$498.56	\$5,982.72
523	\$524.40	\$6,292.80
524	\$498.56	\$5,982.72
525	\$524.40	\$6,292.80
532	\$498.56	\$5,982.72
534	\$498.56	\$5,982.72
621	\$441.41	\$5,296.92

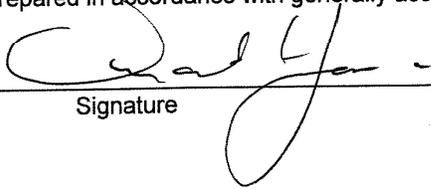
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Please see attached.

I, VINCENT K. JONES III, as agent for/and/or employed by ASSOCIATION OF APARTMENT OWNERS OF THE POIPU SANDS, the condominium managing agent/developer, for the Poipu Sands 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.



Signature

November 14, 2003

Date

	<u>2003 MONTHLY ASSESSMENT</u>	<u>2003 ANNUAL ASSESSMENT</u>
ASSESSMENTS:		
TOTAL ASSESSMENT	28,770	345,238
STATE RESERVE ASSESSMENT	6,629	79,548
	=====	=====
TOTAL ASSESSMENTS	35,399	424,786
OTHER INCOME:		
RENTAL OF MGR APT	0	9,900
INTEREST	50	600
LAUNDRY	0	0
VENDING	15	180
FINANCE CHARGES	0	0
MISCELLANEOUS	50	600
	=====	=====
TOTAL RENTAL & OTHER	115	11,280
PAYROLL		
ACCOUNTING/SECRETARIAL	715	8,580
GENERAL MANAGER	372	4,464
BUILDING MAINTENANCE	929	11,148
GROUNDS MAINTENANCE	3,295	39,540
JANITORIAL	364	4,368
POOL MAINTENANCE	475	5,700
VACATION	289	3,468
SICK PAY	35	420
	=====	=====
TOTAL WAGES	6,474	77,688
TAXES/BENEFITS	809	9,708
HEALTH BENEFITS	1,230	12,924
WORKERS COMPENSATION	267	3,204
	=====	=====
TOTAL PAYROLL	8,780	103,524

	2003 MONTHLY <u>ASSESSMENT</u>	2003 ANNUAL <u>ASSESSMENT</u>
PAGE #2		
<u>OTHER EXPENSES</u>		
AUDIT FEE	156	1,872
ACCOUNTING SERVICE	67	804
AUTO EXPENSE	82	984
BANK CHARGES	0	0
BUILDING MAINTENANCE	600	7,200
CONTRACT CLEANING	40	480
DIRECTORS EXPENSE	917	11,000
EMPLOYEE RELATIONS	33	396
ELECTRICITY	1,375	16,500
EQUIPMENT MAINTENANCE	194	2,328
EQUIPMENT RENTAL	25	300
GROUNDS & LANDSCAPING	394	4,728
INSURANCE DEDUCTIBLE	0	0
INSURANCE	8,000	128,000
EQUIPMENT LEASE PAYMENT	207	2,484
LEGAL & PROFESSIONAL	200	2,400
GAS (HEATER + BARBECUE)	1,000	12,000
LICENSE & TAX	125	1,500
MANAGEMENT FEES	432	5,184
OFFICE RENT	153	1,836
OFFICE SUPPLIES	46	552
OTHER OPERATING EXPENSES	24	288
PAYROLL PROCESSING	31	372
PEST CONTROL	300	3,600
TERMITE REPORT	165	1,980
POOL SUPPLIES/SERVICES	175	2,100
POSTAGE & FREIGHT	46	552
PRINTING & STATIONERY	70	840
OPERATING RESERVE	500	6,000
SEWER	110	1,320
TRANSFER TO STATE RESERVE	6,629	79,548
TELEPHONE	78	936
TRAVEL	0	0
UNIFORMS	18	216
VENDING MACHINE EXPENSE	5	60
WASTE REMOVAL	0	0
WATER	2,500	33,750
EDUCATION FUND	36	432
	=====	=====
TOTAL OTHER EXPENSES	24,733	332,542

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

APARTMENT DEED

KNOW ALL PEOPLE BY THESE PRESENTS:

ASSOCIATION OF APARTMENT OWNERS OF POIPU SANDS, whose mailing address is c/o Poipu Kai Resort 1175 Poipu Road, Koloa, Kauai, Hawaii 96756, hereinafter called the "Grantor", in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid to the Grantor by _____, whose mailing address is _____, hereinafter referred to as "Grantee", the receipt of which is hereby acknowledged, does hereby grant and convey unto the Grantee, as _____, _____ heirs and assigns, the property described in Exhibit "A" attached hereto and incorporated herein by reference.

The premises hereby conveyed comprise a portion of the THE POIPU SANDS condominium project (hereinafter referred to as the "Project"), as established by the Declaration of Condominium Property Regime for the Project, recorded at the Bureau of Conveyances of the State of Hawaii in Liber 14066, Page 217, as the same may be amended from time to time (hereinafter referred to as the "Declaration"). The Project consists of that certain parcel of land situate at Poipu, Kauai, Hawaii, and more particularly described in the Declaration and in Exhibit "A" attached hereto, which description is hereby incorporated herein by this reference, together with the improvements located thereon, as more particularly described in the Declaration. The portion of the Project constituting the premises hereby conveyed is referred to as Unit 621 as more particularly described in said Exhibit "A".

ALL TOGETHER WITH AND SUBJECT TO the encumbrances, restrictions, covenants, agreements, easements, obligations, conditions, exceptions, reservations and other matters and provisions set forth in said Exhibit "A", the Declaration and the exhibits attached thereto, the By-laws, and all rules and regulations promulgated thereunder and the above-mentioned Condominium Map, all of which are incorporated herein by this reference and which constitute and shall constitute covenants running with the land, equitable servitudes and liens to the extent set forth therein and provided by law, and which are hereby accepted by the Grantee as binding and to be binding on the Grantee, his successors and assigns.

TO HAVE AND TO HOLD the same, together with all rights, easements, privileges and appurtenances thereunto belonging or appertaining or held and enjoyed therewith unto the Grantee, absolutely and forever and in fee simple, according to the tenancy and estate set forth herein.

The Grantor hereby covenants and agrees with the Grantee that the Grantor is lawfully seized in fee simple of the real property and rights described herein; that the same are free and clear of and from all encumbrances except as herein mentioned, and except for the lien of real property taxes not yet by law required to be paid; that the Grantor has good right and title to sell and convey said real property in the manner set forth herein; and the Grantor will WARRANT AND DEFEND the same unto the Grantee forever against the lawful claims and demands of all persons, except as herein mentioned.

The Grantee hereby covenants and agrees, for the benefit of owners from time to time of all other units in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration and the By-laws (and all rules and regulations duly promulgated pursuant thereto), as any of the same exist or may hereafter be amended in accordance with law, and hereby accepts and approves the Declaration and By-laws (and all rules and regulations duly promulgated pursuant thereto), and the Grantee will indemnify and save harmless each of them for any failure to observe and perform any such term, covenant, condition and restriction for so long as the Declaration and By-laws exist and are in effect.

The terms "Grantor" and "Grantee" as and when used herein, or any pronouns used in place thereof, shall mean and include the masculine, feminine or neuter gender, the singular or plural number, individuals or corporations, and each of their respective heirs, devisees, personal representatives, successors, successors in trust and assigns, according to the context thereof.

This Apartment Deed may be executed in counterparts. Each counterpart shall be executed by one or more of the parties hereinbefore named and the several counterparts shall constitute one instrument to the same effect as though the signatures of all the parties are upon the same document.

IN WITNESS WHEREOF, the Grantor and Grantee have caused these presents to be duly executed on this _____ day of _____, 20_____.

ASSOCIATION OF APARTMENT OWNERS OF
POIPU SANDS

By _____
Its

Grantor

Grantee

STATE OF _____)
) SS:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally appeared _____, _____ of ASSOCIATION OF APARTMENT OWNERS OF POIPU SANDS, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed as said _____.

Name of Notary:
Notary Public, in and for said County and State.

My commission expires: _____

STATE OF _____)
) SS:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Name of Notary:
Notary Public, in and for said County and State.

My commission expires: _____

EXHIBIT "A"

-FIRST:-

Apartment No. 621 of the Condominium Project known as "THE POIPU SANDS", as established by Declaration of Horizontal Property Regime, dated September 20, 1979, recorded in said Bureau of Conveyances of the State of Hawaii in Liber 14066 at Page 217, as amended, and as shown on Condominium Map No. 653.

Together with easements appurtenant to said Apartment established by and described in said Declaration of Horizontal Property Regime, including non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support, maintenance and repair of such Apartment; in the other common elements for use according to their respective purposes; and in all other apartments for support.

SECOND:

An undivided 1.24686 percent interest in all common elements of the Project, including the land described herein, as established for said Apartment by said Declaration, as amended, as tenant in common with the other owners thereof.

The lands upon which said Condominium Project "THE POIPU SANDS" is located are described as follows:

All of that certain parcel of land (being a portion of the land described in and covered by Royal Patent Grant Number 1416 to Eke Opunui) situate, lying and being on the west side of Paa-Weliweli boundary at Poipu, Koloa, (Kona), Island and County of Kauai, State of Hawaii, being Lot D-1 of the subdivision of Lot "D", and containing an area of 7.20 acres, more or less.

Together with the non-exclusive easement for roadway purposes over and across Roadway Lot D-24, Poipu Kai Subdivision, area 5.18 acres, as shown on the map of said subdivision prepared by Cesar C. Portugal, Registered Professional Surveyor, Certificate No. 2225-SF, dated November 3, 1978; provided, however, in the event said Lot D-24 is conveyed to the County of Kauai or any other governmental body having jurisdiction over roads in said area for roadway purposes, this easement shall automatically cease and terminate.

Said parcel of land being more particularly described in Declaration of Horizontal Property Regime, dated September 20, 1979, recorded in said Bureau of Conveyances in Liber 14066 at Page 217, as amended.

Being the same premises conveyed to PAUL MARKAVAGE, Trustee of The Markavage Trust, under Declaration dated April 3, 1981, by Apartment Deed to Trustee dated November 8, 1988, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 22578 at Page 712.

TOGETHER WITH all built-in furniture, attached existing fixtures, built-in appliances, water heater, electrical and/or gas and plumbing fixtures, attached carpeting, if any, ceiling fan, chandelier, dishwasher, disposal, dryer, existing furnishings, existing window coverings, microwave, range, refrigerator, smoke/heat detectors, TV cable outlet and washer.

SUBJECT, HOWEVER, to the following:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Pedestrian easement "C" in favor of the County of Kauai along Lot D-24, as shown on subdivision map prepared by Cesar Portugal, Registered Professional Land Surveyor, with Portugal, Ibarra, and Associates, Inc., dated November 22, 1978.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

DECLARATION dated January 8, 1979, and recorded in said Bureau in Liber 13428 at Page 440.

Condominium Map 653, and any amendments thereto.

Said Declaration was supplemented by First Supplemental Declaration of Covenants and Restrictions, dated April 17, 1979, recorded in Liber 13622 at Page 445, and Second Supplemental Declaration of Covenants and Restrictions, dated May 22, 1979, recorded in Liber 13709 at Page 20, as amended by instrument, dated October 3, 1980, recorded in Liber 15058 at Page 76, Third Supplemental Declaration of Covenants and Restrictions, dated October 31, 1979, recorded in Liber 14122 at Page 665, and Fourth Supplemental Declaration of Covenants and Restrictions, dated September 3, 1981, recorded in Liber 15802 at Page 570, as amended by Amendment of Fourth Supplemental Declaration of Covenants and Restrictions, dated September 21, 1981, recorded in Liber 15849 at Page 511, and by instrument, dated April 7, 1988, effective as of April 7, 1988, recorded in Liber 21805 at Page 499.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR THE "POIPU SANDS" CONDOMINIUM PROJECT dated September 20, 1979, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14066 at Page 217.

Condominium Map 653, and any amendments thereto.

Said Declaration was amended by instruments dated December 29, 1980, recorded in Liber 15250 at Page 130, dated March 5, 1991, recorded as Document No. 91-042598, dated August 5, 1991, recorded as Document No. 91-113559, dated --- (acknowledged October 30, 2002); re: change of undivided interests, dated --- (acknowledged October 30, 2002), recorded as Document No. 2002-206400; re: change in undivided interests, and dated April 28, 2003, recorded as Document Mo. 2003-092113; re: change of undivided interests.

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the RESTATED BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS dated January 20, 1995, and recorded in said Bureau as Document No. 95-012383.

The foregoing Restated By-Laws restates the original By-Laws dated September 20, 1979, recorded in Liber 14066 at Page 217, and any amendments thereto.

Unrecorded First Amendment to the Restated By-Laws of the Association of Apartment Owners of Poipu Sands dated May 10, 2002.

6. Right-of-entry in favor of Citizens Utilities Company, dated March 31, 1980, recorded in Liber 14739 at Page 552; granting a right-of-entry and temporary easement for construction and maintenance of power and communication lines.

7. Grant in favor of Citizens Utilities Company, whose interest is now held by Kauai Island Utility Co-op, dated August 14, 1980, recorded in Liber 15000 at Page 544; granting a perpetual right and easement to build, construct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., over, under, upon, across and through the land described herein.

8. Grant in favor of Poipu Kai Water Reclamation Corporation, a Hawaii corporation, dated February 5, 1991, recorded as Document No. 92-194548; granting an easement to construct, install, maintain, operate, repair, replace and remove an underground sewer pipeline etc.

9. Revocable Right of Entry dated February 5, 1991, recorded as Document No. 93-082164.

10. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Apartment Deed, dated November 10, 1980, recorded in said Bureau in Liber 15157 at Page 674.

CONDOMINIUM ESCROW AGREEMENT
for
THE POIPU SANDS CONDOMINIUM
APARTMENT NO. 621

THIS AGREEMENT, made this 27th day of October, 2003, by and between FIRST AMERICAN TITLE COMPANY, INC., a Hawaii corporation, whose principal place of business and post office address is 333 Queen Street, Suite #700, Honolulu, Hawaii 96813, hereinafter called "Escrow Agent", and THE ASSOCIATION OF APARTMENT OWNERS OF THE POIPU SANDS, an unincorporated association, whose mailing address is 1775 Poipu Road, Koloa, Kauai, Hawaii 96756, hereinafter called "Developer",

W I T N E S S E T H :

WHEREAS, Developer intends to enter into sales contracts for the sale of Apartment No. 621 in The Poipu Sands Condominium Project established under a Declaration of Condominium Property Regime created under Chapter 514A, Hawaii Revised Statutes, as amended, the terms of which sales contract will provide for payment on account of the purchase price to be made to Escrow, to be held and disbursed by Escrow pursuant to the provisions hereof; and

WHEREAS, this project involves only Apartment No. 621 ("Apartment") of THE POIPU SANDS CONDOMINIUM (herein called the "Project"); and

WHEREAS, the land included within the Project is located in the County of Kauai, State of Hawaii, and is designated as Tax Key (4) 2-8-20:08;

WHEREAS, Developer desires to engage Escrow Agent to act as escrow for the Project, and Escrow Agent is willing to accept such engagement, upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby mutually agreed as follows:

1. Appointment of Escrow Agent as Escrow for Project. Developer hereby appoints Escrow Agent to act as escrow for the closing of the sale of Apartment of the Project, and Escrow Agent hereby accepts such appointment, upon and subject to the terms and conditions contained in this Agreement.

2. Term. Unless sooner terminated, this Agreement shall continue until June 30, 2006.

3. Escrow Agent's Fees.

3.1 Fee Per Apartment. Escrow Agent shall be paid a fee based on Escrow Agent's standard fee schedule in effect at the time of the sale of the apartment in the Project closed by escrow.

3.2 Payment on Fees. Fees to which Escrow Agent is entitled shall become due and payable with respect to the closing of the sale of the apartment in the Project upon the first to occur of the following events: (1) the transfer to the Purchaser of the Apartment of legal title thereto, and (2) final disbursement of the purchase price of the Apartment and other sums held by Escrow Agent with respect thereto.

3.3 Cancellation Fee. In the event of the cancellation of any Sales Contract (as defined in Section 4.1 hereinbelow) submitted to Escrow Agent, a cancellation fee commensurate with the services rendered by Escrow Agent, but not less than Twenty-Five Dollars (\$25.00), plus all costs incurred by Escrow Agent, shall be paid to Escrow Agent by Developer, unless otherwise agreed to in writing by Developer and Purchaser.

3.4 Additional Fee for Revisions to Previously Approved Documents. If, subsequent to the commencement of preclosings or closings of the sale of the Apartment, Escrow Agent for any reason without fault on its part shall be required to change or revise any closing statement or document previously approved as to form and content by Developer, then, and in such case, Developer shall pay an additional charge for each statement or document that is so changed or revised.

4. Sales Contracts to be Deposited in Escrow.

4.1 Delivery of Sales Contracts. As and when Developer shall enter into a contract for the sale of the Apartment (each a "Sales Contract"), Developer shall deliver an executed copy of such Sales Contract to Escrow Agent. Each Sales Contract shall contain the correct names and addresses of the Purchaser(s) of the Apartment, shall require that all payments to be made thereunder shall be made to Escrow Agent, and shall be accompanied by the initial deposit required thereby.

4.2 Owner-Occupant Sales. If it is intended that the sale of the Apartment will be made to a Purchaser or Purchasers as an owner-occupant pursuant to HRS Chapter 514A, Part VI (each an "Owner-Occupant"), then, and in each such event, the prospective Owner-Occupant shall deliver to Escrow Agent an executed affidavit in accordance with HRS Section 514A-104.5 (each an "Affidavit"). The Affidavit shall be personally executed by all prospective Owner-Occupants of the Apartment and shall not be executed by an attorney-in-fact.

5. Receipt of Funds By Escrow Agent.

5.1 Payments Under Sales Contracts. Developer shall deliver to Escrow Agent any monies received by Developer from any Purchaser in connection with a Sales Contract.

5.2 Disposition of Funds Held by Escrow Agent. Escrow Agent shall receive and hold in escrow and disburse as herein set forth: (a) all payments received by Escrow Agent pursuant to Sales Contracts entered into by Developer; (b) all sums received by Escrow Agent from Developer pursuant to this Agreement; and (c) all sums received by Escrow Agent from any other source on account of the Project. In accordance with written instructions from Developer, Escrow Agent shall deposit all funds so received, within a reasonable time after their receipt by Escrow Agent and in reasonably convenient sums, in accounts at a federally insured bank, savings and loan association or other financial institution located in Honolulu, Hawaii, that pays interest on deposits; provided, however, that if Escrow Agent is instructed to make such deposits more frequently than once each calendar week, Developer shall pay to Escrow Agent a reasonable service charge for each additional deposit made during such week.

5.3 Interest on Escrow Funds. Any interest earned on funds delivered to Escrow Agent under this Agreement shall accrue to the credit of Developer; except that if Escrow Agent is requested to establish a separate account for a Purchaser, such Purchaser shall pay Escrow Agent a fee of Twenty-Five Dollars (\$25.00) for each separate account and shall provide to Escrow Agent said Purchaser's social security or federal tax identification number, and any interest earned on funds deposited in such account shall accrue to the credit of such Purchaser. Escrow Agent shall not be liable to either Developer or any Purchaser for loss of diminution in funds invested in accordance with such instructions.

6. Conditions to be Satisfied Prior to Disbursement. No disbursement of funds held in escrow shall be made unless and until all of the following conditions have been satisfied:

6.1 Final Public Report. The Real Estate Commission shall have issued extended the effective date of the Final Public Report for the Project; provided, however, to the extent that any Sales Contract is entered into and any Purchaser's funds are obtained prior to the issuance of an effective date for such Final Public Report, no disbursements shall be made from such Purchaser's funds until (i) an effective date for the Final Public Report is issued, and (ii) such Purchaser is given a copy of said Final Public Report and acknowledges receipt of same or is deemed to have acknowledged receipt of same.

6.2 Purchaser's Rescission Rights. Developer or Developer's attorney shall have delivered a written opinion to Escrow Agent stating that the requirements of HRS Sections 514A-62 and 514A-63, as amended, have been satisfied, if Escrow Agent requests such an opinion.

6.3 Developer's Cancellation Rights. Developer shall have given Escrow Agent a written waiver of any option reserved in any Sales Contract to cancel such Sales Contract.

6.4 Reaffirmation of Owner-Occupant Affidavit. On or before the closing of the sale of the Apartment to an Owner-Occupant, but no earlier than the receipt by each such Owner-Occupant of the Final Public Report for the Project (or the particular Phase of the Project in which the Apartment is located), each prospective Owner-Occupant of the Apartment shall have personally reaffirmed the Affidavit described in Section 4.2 hereinabove in accordance with HRS Section 514A-105(c), and shall have caused the Owner-Occupant Affidavit reaffirmed by such Owner-Occupant and proof of the date of receipt by such prospective Owner-Occupant of the Final Public Report for the Project to be delivered to Escrow Agent.

7. Disbursement of Purchaser's Funds. Subject to the provisions of Section 6 hereinabove, upon Developer's written instructions, Escrow Agent shall disburse funds held in escrow to pay the amounts described in this Section 7. Escrow Agent shall make one (1) such disbursement per month without charge to Developer. If more than one (1) such disbursement is made per month, Escrow Agent shall be entitled to a fee of not more than Five Hundred Dollars (\$500.00) for each additional disbursement. Such funds may be disbursed as follows:

7.1 Construction Costs. To Developer, Developer's general contractor, or Developer's mortgagee, if any, as specified by Developer, to pay for construction costs of the buildings and other improvements and fixtures in such amounts and at such times and in proportion to the valuation of the work completed by said general contractor in accordance with the terms of said general contractor's construction contract with Developer, as certified by a registered architect or professional engineer and as approved by said mortgagee, if any, or a financially disinterested person who shall be designated in writing by Developer and said mortgagee, if any, and who shall certify to Escrow Agent in writing that such person is financially disinterested (which certification Escrow Agent shall have the right to rely upon).

7.2 Other Expenses. To other persons for architectural, engineering, finance and legal fees and other incidental expenses of the Project (but not selling expenses or brokerage fees relating to sales of any Apartment) to the extent approved by Developer's mortgagee or said financially disinterested person.

7.3 Disbursement of Balance. The balance in accordance with the directions of Developer and said mortgagee, if any, or of said financially disinterested person, only upon completion of the Project's buildings being constructed by Developer's general contractor, or forty-six (46) days after the filing of the affidavit of publication of the notice of completion of construction of the Project in the office of the clerk of the circuit court where the Project is located, a copy of which shall have been delivered to Escrow Agent; provided, however, that if any notice of mechanics' or materialmen's lien have been filed, said funds shall be disbursed only when all such mechanics' or materialmen's liens have been released and/or sufficient funds have been set aside to cover the claims for which such notices of lien have been filed.

8. Return of Funds to Purchaser.

8.1 Each Purchaser shall be entitled to a return of funds deposited by such Purchaser with Escrow Agent, and Escrow Agent shall pay such funds to such Purchaser, with interest to the extent provided in the Sales Contract, if any one of the following occurs:

(A) Developer and such Purchaser shall instruct Escrow Agent in writing to return such funds to such Purchaser; or

(B) Developer shall notify Escrow Agent of Developer's exercise of the option to cancel or rescind the Sales Contract entered into by such Purchaser pursuant to any right of cancellation or rescission provided for therein or otherwise available to Developer with respect to which, in accordance with the Sales Contract, Purchaser is entitled to a return of funds deposited by it with Escrow Agent; or

(C) With respect to any Purchaser whose funds were obtained prior to the issuance of the Final Public Report, such Purchaser has exercised such Purchaser's right to cancel the Sales Contract entered into by such Purchaser pursuant to HRS Section 514A-62; or

(D) Such Purchaser has exercised such Purchaser's right to rescind the Sales Contract pursuant to HRS Section 514A-63.

8.2 Upon the occurrence of any event described in Section 8.1 (A) or (B) hereinabove or upon receipt of a written request for a refund from any Purchaser upon the occurrence of any event described in Section 8.1 (C) or (D) hereinabove, and unless such Purchaser has waived or has been deemed to have waived such Purchaser's right to a refund, Escrow Agent shall deliver to such Purchaser all funds received from such Purchaser, less, if so specified in the Sales Contract, a cancellation fee to Escrow Agent of not less than Twenty-Five Dollars (\$25.00) per Apartment or a cancellation fee commensurate with the work done by Escrow Agent prior to such cancellation, whichever fee is greater, up to a maximum of Two Hundred Fifty Dollars (\$250.00). Upon such payment, said Sales Contract shall be deemed cancelled and any partially executed conveyance document theretofore delivered to Escrow Agent shall be returned to Developer; provided, however, that no refund shall be made to any Purchaser at such Purchaser's request prior to receipt by Developer of written notice from Escrow Agent of Escrow Agent's intention to make such refund.

8.3 A Sales Contract shall be conclusively presumed to have been rescinded pursuant to HRS Section 514A-105(c) if any prospective Owner-Occupant fails to reaffirm such prospective Owner-Occupant's Affidavit as described in Section 6.4 above. Any partially executed conveyance document theretofore delivered to Escrow Agent shall be returned to Developer. All funds deposited by such Owner-Occupant with Escrow Agent and all interest thereon shall be disbursed in accordance with the Sales Contract unless (i) Developer or Developer's attorney shall have delivered a written opinion to Escrow Agent stating that the Sales Contract entered into by such prospective Owner-Occupant has become binding pursuant

to HRS Section 514A-62, and (ii) written instructions approved by Developer and such prospective Owner-Occupant direct Escrow Agent to distribute such funds otherwise.

9. Unclaimed Funds. Escrow Agent shall give each Purchaser entitled to a return of funds notice thereof by registered, certified or regular mail, postage prepaid addressed to such Purchaser at said Purchaser's address shown on the Sales Contract executed by such Purchaser or any address later made known in writing to Escrow Agent by such Purchaser. If such Purchaser shall not have claimed such refund within sixty (60) days, Escrow Agent shall deposit such funds into a special account in a bank or other depository selected by Escrow Agent, in the name of Developer, as trustee for the benefit of such Purchaser. After notifying such Purchaser of all such facts at such Purchaser's address as described herein and delivering all partially executed conveyance documents to Developer, Escrow Agent shall thereupon be released from any further duties or liability hereunder with respect to such funds and such Purchaser.

10. Closing.

10.1 Except for Sales Contracts, Escrow Agent shall promptly and diligently arrange for and supervise the execution of all documents related to the Project and shall promptly and diligently close the transactions and perform such services as are necessary or proper therefore.

10.2 Not later than thirty (30) days prior to the date scheduled for closing the sale of the Apartment, Escrow Agent shall cause First American Title Company, Inc. ("Title Company") to deliver to Developer and the Purchaser of the Apartment a commitment to issue at closing a standard owner's title insurance policy insuring that Buyer has good and marketable title to such Apartment and an ALTA lender's title insurance policy, which commitment shall contain no exceptions to title other than the "Permitted Encumbrances" defined in the Sales Contract, in the full amount of the Purchase Price (collectively, the "Title Policy"). The premium for each Title Policy issued with respect to an Apartment shall be based on the Title Company's standard fee schedule in effect at the time of the sale of the apartment in the Project. The premium for each lender's policy issued concurrently with an owner's policy shall also be based on the Title Company's standard fee.

10.3 Upon receipt by Escrow Agent of an executed conveyance document for an Apartment, a receipt of Final Public Report as described in Section 6.1 hereinabove, Affidavits reaffirmed by all prospective Owner-Occupants of such Apartment, if applicable, all necessary releases of encumbrances, the Title Company's commitment to issue the Title Policy at closing as provided for in Section 10.2 hereinabove, the full amount of the purchase price for the Apartment, and such Purchaser's share of closing costs, Escrow Agent shall act promptly to close the sale of such Apartment by undertaking the following:

(a) Escrow Agent shall cause the recording of such conveyance document and such releases, if any; and

- (b) After recordation, Escrow Agent shall cause:
 - (i) the Title Policy and a copy of said conveyance document to be delivered to such Purchaser;
 - (ii) a copy of said conveyance document, the release or partial releases, if any, and the reaffirmed Affidavit, if any, to be delivered to Developer; and
 - (iii) all sums respecting the Apartment to be disbursed to Developer after deduction by Escrow Agent of Developer's share of the closing costs.

10.4 Partial Closings. No partial closings are anticipated under this Agreement.

10.5 Recordation of Documents; Defects in Documents. Provided that it is legally possible to file and record all closing documents and none is in any way defective, Escrow Agent shall proceed promptly to close the sale of the Apartment, and within five (5) business days (exclusive of the day of closing) of the date it has received all such documents and funds required to close such sale, Escrow Agent shall file and record the necessary documents to effect the transfer of legal title to the Apartment to the Purchaser thereof. If for any reason it is determined that any document necessary to close such sale is defective or cannot be filed or recorded, Escrow Agent shall promptly notify Developer of such fact and shall proceed promptly to correct such defects as are within its capacity as an escrow depository to correct. If, for any cause beyond Escrow Agent's control, the necessary documents cannot be filed or recorded within said five-day period after closing, Escrow Agent shall file or record the same within five (5) days after learning that the reason that prevented such filing recording no longer exists.

11. Purchaser's Default. Developer shall give notice in writing to Escrow Agent of the occurrence of each event that creates an obligation on the part of any Purchaser to make any payment to Escrow Agent pursuant to the Sales Contract entered into by such Purchaser, and the amount of and due date for such payment. Upon receipt of any such notice, Escrow Agent shall promptly give such Purchaser notice of the amount and due date of such payment. If such Purchaser fails to make such payment to Escrow Agent on or before the due date thereof or if such Purchaser fails to satisfy any obligation or requirement being handled by Escrow Agent, Escrow Agent shall promptly notify Developer of any such failure on the part of such Purchaser. If Developer subsequently certifies in writing to Escrow Agent that Developer has terminated the Sales Contract in accordance with the terms thereof and provides to Escrow Agent copies of all such notices of termination sent to such Purchaser, Escrow Agent shall thereafter treat all funds of such Purchaser paid on account of such Purchaser's Sales Contract as funds of Developer, and not as funds of such Purchaser. Such funds shall be free of the escrow established by this Agreement and shall be held by Escrow Agent for the account of Developer. Upon written request by Developer, Escrow Agent shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer any partially executed conveyance documents that had

been theretofore delivered to Escrow Agent by Developer and shall hold all other documents theretofore delivered to Escrow Agent in connection with such Purchaser's purchase of an Apartment for any applicable statutory period. Upon completion of the foregoing, Escrow Agent shall thereupon be released from any further duties or liability hereunder to Developer with respect to such funds and such Purchaser.

12. Reports and Billings by Escrow. Escrow Agent shall furnish to Developer a semi-monthly Developer's report that will cover the status of each Sales Contract in escrow. Upon certification from Developer that any payments under any such Sales Contract are due, Escrow Agent shall bill the Purchaser thereunder for such payments.

13. Protection of Escrow Agent.

13.1 Actions in Accordance with Agreement. Escrow Agent shall have no liability for acting in accordance with this Agreement, notwithstanding notice to act to the contrary received by Escrow Agent from Developer or any Purchaser or third person. Escrow Agent shall not be responsible for the validity or sufficiency of any Sales Contract or other documents received by it and shall be entitled for all purposes to assume that the same have been signed by the persons whose signatures purport to be thereon and that any written certification or instruments from Developer are true and accurate.

13.2 Interpleader. If any dispute or difference shall arise or if any conflicting demand shall be made upon Escrow Agent, Escrow Agent shall not be required to determine the same or take any action in the premises, but Escrow Agent may await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require, or Escrow Agent may file a suit in interpleader in any court having jurisdiction in the matter, for the purpose of having the respective rights of the parties adjudicated and may deposit with the court any and all monies held pursuant to Sales Contracts. Upon institution of such interpleader suit or other action, depositing such money with the court, and giving notice of such suit or action to the parties thereto by personal service or in accordance with the order of the court, Escrow Agent shall be fully released and discharged from all further obligations hereunder with respect to the monies so deposited.

13.3 Indemnification. Developer agrees and shall cause each Purchaser to agree to pay Escrow Agent on demand and to indemnify and hold harmless Escrow Agent from and against all costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with or arising out of this Agreement, including, but not limited to, all costs and expenses incurred in connection with the

interpretation of this Agreement or with respect to any interpleader or other proceeding, but excluding any and all of the foregoing that is the result of any act or omission by Escrow Agent or its agents. Upon payment thereof, the prevailing party will be subrogated to Escrow Agent's right to judgment for such costs, damages, etc., against third persons.

13.4 Records Required Under HRS Ch. 514A. Developer expressly agrees that Escrow Agent shall not be required to mail any notice or to keep any records that may be required under HRS Chapter 514A.

14. Termination. This Agreement may be terminated by either Escrow Agent or Developer upon thirty (30) days' prior written notice to the other; provided, however, that all transactions in process hereunder at the time of such termination shall be completed under the terms of this Agreement.

15. Statutory Provisions Control. This Agreement shall be deemed and interpreted as supplementary and subject to the provisions of HRS Chapter 514A, as now or hereafter amended, and if any conflict should arise between any provision of this Agreement and the provisions of said Chapter 514A, the provisions of the latter shall control.

16. Assignment. Developer may assign its rights and obligations under this Agreement to any successor developer of the Project without the consent of Escrow Agent. Escrow Agent shall not assign this Agreement or any right or obligation provided for hereunder without the prior written consent of Developer.

17. Costs of Enforcement. In the event either Escrow Agent or Developer brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, then, in addition to any other relief that may be awarded, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall be entitled to recover reasonable attorneys' fees, expenses and costs of investigation as actually incurred (including, without limitation, reasonable attorneys' fees, expenses and costs of investigation incurred in appellate proceedings, costs incurred in establishing the right to indemnification, or in any action or participation in, or in connection with, any case or proceeding under the Bankruptcy Code, 11 United States Code Sections 101 et seq. or any successor statutes).

18. Miscellaneous.

18.1 Governing Law. This Agreement shall be construed, interpreted and applied in accordance with the laws of the State of Hawaii without giving effect to doctrines relating to conflicts of laws.

18.2 No Partnership Intended or Created. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other similar relationship between Escrow Agent and Developer.

18.3 Binding Effect. This Agreement shall be binding upon, shall apply to and shall inure to the benefit of Escrow Agent and Developer, and their respective successor and permitted assigns.

18.4 Interpretation of Terms. As used in this Agreement, the masculine shall include the feminine and neuter, the singular shall include the plural and the plural shall include the singular, as the context may require.

18.5 Captions, etc. The titles of the Articles, Sections or Subsection of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

18.6 Rules of Construction. This Agreement has been negotiated extensively by and between Escrow Agent and Developer with and upon the advice of their respective counsel, all of whom have participated in the drafting hereof; consequently, this Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted. If any words or phrases in this Agreement shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Agreement shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Agreement and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated.

18.7 Amendments to Agreement. Neither this Agreement nor any provision hereof may be waived, modified or amended except by an instrument signed by the party against whom the enforcement of such waiver, modification or amendment is sought, and then only to the extent set forth in such instrument.

18.8 Waivers. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

18.9 Partial Invalidity. If any provision hereof or the application thereof to any person or circumstance shall to any extent be invalid or enforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby.

18.10 Notices.

18.10.1 Generally. All notices, demands and requests ("Notices") that may or are required to be given hereunder by either Escrow Agent or Developer shall be in writing and shall be (A) personally delivered to the receiving party at the address therefore provided in Section 18.10.2 hereinbelow, or (B) sent by registered or certified mail, return receipt requested, postage prepaid, addressed as set forth below, or (C) transmitted by an internationally

recognized courier service, such as Federal Express or DHL Worldwide Express, addressed as set forth in Section 18.10.2 hereinbelow, or (D) sent by facsimile transmission ("Fax") to the Fax number of the receiving party set forth in Section 18.10.2 hereinbelow. Notices shall be deemed served or given for all purposes hereunder at the time such Notice is personally delivered or delivered by internationally recognized courier service, the Fax thereof is received, or three days following such mailing thereof, as the case may be. Any refusal to accept delivery of a written Notice delivered or mailed to the addresses set forth below, or the non-receipt of any Fax sent to the Fax number set forth in Section 18.10.2 hereinbelow resulting from the non-operation of the receiving party's facsimile equipment, shall be deemed to be receipt of such Notice for the purposes of this Section 18.10.

18.10.2 Addresses. The address and Fax numbers of Escrow Agent and Developer for Notices shall be as follows:

Escrow Agent: First American Title Company, Inc.
333 Queen Street, Suite #700
Honolulu, Hawaii 96813
Attention: Rick Kersenbrock
Fax number: (808) 545-6189

Developer: Association of Apartment Owners of The Poipu Sands
1775 Poipu Road
Koloa, Kauai, Hawaii 96756
Attention: Vincent K. Jones III, Pres.
Fax number: (808) 742-6427

With a Copy To: Jonathan J. Chun, Esq.
Belles Graham Proudfoot & Wilson
4334 Rice Street, Suite 202
Lihue, Kauai, Hawaii 96766
Fax number: (808) 245-3277

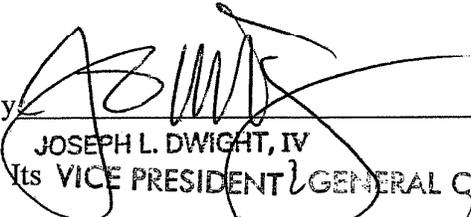
Escrow Agent or Developer each may change its address or Fax number for Notices by delivering written Notice specifying this Section 18.10.2 to the other party in the manner set forth hereinbefore, and thereafter such party's address or Fax number for Notices shall be the new address or Fax number specified in such Notice.

18.11 Merger. This Agreement embodies and constitutes the entire understanding between Escrow Agent and Developer with respect to the transaction described herein, and all prior agreements, understandings, representations and statements, oral or written, are hereby merged into this Agreement.

18.12 Counterparts. This Agreement may be executed in two or more counterparts, and shall be deemed to have become effective when and only when one or more of such counterparts shall have been signed by or on behalf of Escrow Agent and Developer, although it shall not be necessary that any single counterpart is signed by or on behalf of each. All such counterparts shall be deemed to constitute but one and the same instrument. An executed counterpart of this Agreement transmitted and received by facsimile shall be deemed for all purposes to be an original, executed counterpart hereof. Duplicate unexecuted pages of the counterparts (whether original or received by facsimile) may be discarded and the remaining pages assembled as one document.

IN WITNESS WHEREOF, Escrow Agent and Developer have executed this Agreement as of the day and year first above written.

FIRST AMERICAN TITLE COMPANY, INC.

By 

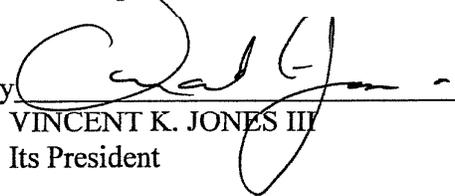
JOSEPH L. DWIGHT, IV
Its VICE PRESIDENT & GENERAL COUNSEL

By 

Its Assistant Vice President

Escrow

ASSOCIATION OF APARTMENT OWNERS OF
THE POIPU SANDS,
An unincorporated association

By 

VINCENT K. JONES III
Its President

Developer

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this 27th day of October, 2003, before me appeared Joseph L. Dwyer, IV and Martine Teixeira, to me personally known, who, being by me duly sworn, did say that they are the Vice-President & general counsel and Assistant Vice-President, respectively, of FIRST AMERICAN TITLE COMPANY, INC., a Hawaii corporation, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and the said officers acknowledged said instrument to be the free act and deed of said corporation.



[Signature]
Name of Notary: RENE K. NAKAMOTO
Notary Public, State of Hawaii.

My commission expires: 10-5-2004

STATE OF Hawaii)
) SS:
COUNTY OF Kauai)

On this 14th day of October, 2003, before me appeared VINCENT K. JONES, III, to me personally known, who, being by me duly sworn, did say that he is the President of the ASSOCIATION OF APARTMENT OWNERS OF THE POIPU SANDS, a Hawaii unincorporated association, and that said instrument was signed in behalf of said association by authority of its Board of Directors, and the said officer acknowledged said instrument to be the free act and deed of said association.

L.S.

[Signature]
Name of Notary:
Notary Public, in and for said County and State.

My commission expires: 10/05/2004

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

1. Real property tax assessments for the fiscal year 2003-2004:

Tax Map Key No.:	(4) 2-8-020-008-0073
Class No.:	2
First Installment:	\$1,269.05, PAID
Second Installment:	\$1,269.05, PAYABLE
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Easement C for pedestrian purposes in favor of the County of Kauai, as shown on Tax Map.
4. Easement A for sewer purposes (6 feet wide; 1,417 square feet), as shown on Tax Map.
5. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as contained in the document entitled Declaration of Covenants, recorded January 19, 1979 as Book 13428 Page 440, as amended, of Official Records.
6. A Grant of Easement for utility purposes, in favor of Citizens Utilities Company (now Citizens Communications Company), recorded September 22, 1980 as Book 15000 Page 544 of Official Records.
7. A Grant of Easement for sewer purposes within Easement A, in favor of the Poipu Kai Water Reclamation Corporation, a Hawaii corporation, recorded December 1, 1992 as Regular System Document No. 92-194548 of Official Records.
8. A Grant of Easement for sewer purposes within Easement A, in favor of Poipu Suite Partners, a Hawaii limited partnership, recorded May 21, 1993 as Regular System Document No. 93-082164 of Official Records.
9. Regular System Condominium Map No. 653.
10. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime and the By-laws attached thereto, as amended. Said Declaration was recorded October 16, 1979 as Book 14066 Page 217 of Official Records.

Said By-laws were restated by instrument recorded January 27, 1995 as Regular System Document No. 95-012383 of Official Records.
11. For real property taxes that may be due and owing, reference is made to the County of Kauai, Department of Finance for further information.