

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON
PUKANA LA
Princeville at Hanalei
Kauai, Hawaii

REGISTRATION NO. 1122

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: October 28, 1980
Expires: November 28, 1981

SPECIAL ATTENTION

A comprehensive reading of this report by the prospective purchaser is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED APRIL 11, 1979, AND ADDITIONAL INFORMATION FILED AS OF OCTOBER 15, 1980. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report on Registration No. 1122, dated June 19, 1979, the Developer has forwarded additional information reflecting material changes that have been made in the documents for the project. Among other changes,

the project has now been reduced to fifty-five (55) apartments, instead of seventy-six (76) units, located in eleven (11) two-story buildings without basements, and one hundred forty (140) unassigned parking stalls, instead of one hundred forty-three (143) parking stalls. The office space located in one of the apartment buildings and the grassed parking area have been deleted from the project.

2. The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of the condominium project and the issuance of this Final Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have been recorded in the Bureau of Conveyances of the State of Hawaii.

The Declaration of Horizontal Property Regime dated September 25, 1980, with By-Laws attached, was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15017, Page 489.

The approved Floor Plans showing the layout, location, apartment numbers, etc. have been designated Condominium File Plan No. 757.

4. Advertising or promotional matter has been filed pursuant to the rules and regulations promulgated by the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514A of the Hawaii Revised Statutes and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

6. This Final Public Report automatically expires thirteen (13) months after the date of issuance, October 28, 1980, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Final Public Report amends the Commission's Preliminary Public Report, and is made a part of the registration on PUKANA LA condominium project. The Developer has the responsibility of placing true copies of this Final Public Report (white paper stock), the Preliminary Public Report (yellow paper stock) and the Disclosure Abstract in the hands of all purchasers. Securing a signed copy of the Receipt therefor from each purchaser is also the responsibility of Developer.

The information in the topical headings DEVELOPER, ATTORNEY REPRESENTING DEVELOPER, DESCRIPTION, COMMON ELEMENTS,

LIMITED COMMON ELEMENTS, INTEREST TO BE CONVEYED TO PURCHASERS, PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING and STATUS OF PROJECT has been altered as follows. A new topical heading RESERVED RIGHT IN DEVELOPER TO ADD APARTMENTS has been added. (All other topical headings have not been disturbed.)

DEVELOPER: Grove Investment Group, Inc., a California corporation, Suite 3704, 1750 Kalakaua Avenue, Honolulu, Hawaii 96826, Telephone: 955-3727; Officers: David C. Anderson, President/Treasurer, and Jeanne A. Anderson, Vice President/Secretary.

ATTORNEY REPRESENTING DEVELOPER: Hamilton, Gibson, Nickelsen, Rush and Moore (Attention: Walter Beh, II), 20th Floor, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813, Telephone: 521-0400.

DESCRIPTION: The revised Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of fifty-five (55) apartments contained in eleven (11) two-story buildings, without basements, constructed principally of wood, stucco and gypsum board.

Building Nos. 12, 13, 14, 15 and 16, colored yellow on a separate Plot Plan supplied to the Commission, have been designated as optional, additional apartments to be developed by the Developer.

The location and description of the various apartments of the project are as set forth in Exhibit "B" attached to this Final Public Report.

The apartments have immediate access to a porch and stairway which lead to the grounds of the project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, doors and door frames, windows and window frames, the deck air space (if any), the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

COMMON ELEMENTS: One freehold estate is designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

1. The land in fee simple;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, elevators, walkways, entrances and exits of said buildings;
3. All yards, grounds and landscaping;
4. All parking areas, including the one hundred forty (140) parking stalls;
5. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any;
6. The swimming pool, racquetball court and recreational building (subject, however, to the right in Developer to create an additional Apartment "A" within the recreational building as hereinafter set forth); and
7. 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, or normally in common use.

LIMITED COMMON ELEMENTS: No parts of the common elements, herein called the "limited common elements", are designated or set aside for the exclusive use of certain apartments.

INTEREST TO BE CONVEYED TO PURCHASERS: Documents filed with the Real Estate Commission indicate that the purchaser will secure an Apartment Deed conveying an apartment and an undivided 1/55th fractional interest (1.8181+ percentage interest) in the common elements of the project, and the same proportionate share of all common profits and expenses of the project and shall be used for all other purposes including voting.

NOTE: The area reserved for future development by the Developer is within the common elements of the project and the cost of maintaining the area reserved is within the apartment owners common expense and not paid by the Developer.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration provides that, except as hereinafter set forth with respect to the use of Apartment "A", and except when the holder of the first mortgage on an apartment has entered into possession of an apartment following (i) a default under its first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of

foreclosure, the apartments shall be occupied and used only as private or resort dwellings for permanent or transient occupancy by the respective owners thereof, their tenants, families, domestic servants and social guests. The owners of the respective apartments shall have the absolute right to lease such apartments from time to time on a daily, weekly or monthly basis, subject to all provisions of the Declaration and the By-Laws attached thereto.

NOTE: The By-Laws contain the following provision:

"No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets (but specifically excluding racoons) in reasonable number may be kept by the apartment owners and occupants in their respective apartments but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash; provided, however, that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent."

NOTE: There are currently no House Rules for the project; any House Rules for the project must be adopted by the Board of Directors in accordance with the provisions of the By-Laws.

RESERVED RIGHT IN DEVELOPER TO ADD APARTMENTS: The Declaration contains the following provisions concerning the reserved right in the Developer to add apartments to the project:

"ADDITION OF APARTMENTS. Any provision of this Declaration to the contrary notwithstanding, the Fee Owner, at its sole option, may from time to time amend the project and this Declaration, at any time up to, but not later than December 31, 1984, by creating up to an additional twenty-two (22) apartments, and/or by creating an additional Apartment "A", and appurtenant common elements, all as shown on said Condominium File Plan. The project currently consists of only fifty-five (55) apartments as described above and in said Exhibit "B";

said apartments are located in Buildings numbered 1 through 11, inclusive, as shown on said Condominium File Plan. The proposed additional twenty-two (22) apartments and the proposed additional Apartment "A" are to be located within Buildings numbered 12 through 16, inclusive, and the Recreational Building, respectively, as shown on said Condominium File Plan and are described in Exhibit "D" attached hereto and made a part hereof; Buildings numbered 12 through 16, inclusive, have not yet been built and are shown on said Condominium File Plan only as being proposed additional apartments.

"1. Prior to commencement of any such construction, Fee Owner shall secure a performance and payment bond naming as co-obligees collectively the owners of all existing apartments as their interest may appear through the Association of Apartment Owners, in a penal sum of not less than one hundred percent (100%) of the costs of the construction of the additional apartments with a corporate surety authorized to do business in Hawaii, guaranteeing performance of such construction free and clear of all mechanics' and materialmen's liens.

"2. In connection with, and only to the extent necessary for the construction and marketing of the additional apartments and common elements as aforesaid, Fee Owner shall have the right to enter upon the project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing said additional apartments and common elements according to plans and specifications or amended plans and specifications approved by the officer of the County of Kauai having jurisdiction over the issuance of building permits; to market said apartments, erect "for sale" signs, hold open houses and carry on other sales activities; to connect the additional apartments and common elements to the utilities of the project; to file amendments to this Declaration for purposes of certifying condominium file plans filed as reflecting the improvements shown therein to be "as built".

"3. Upon amendment of this Declaration to add the above described apartments, each of the apartments of the project as then constituted shall have appurtenant thereto an equal undivided percentage interest in the common elements of the project; for example, if all of the proposed apartments are added to the project, each of the seventy-eight (78) apartments would have an undivided 1/78th fractional interest (a 1.2820+ percentage interest).

"4. The Board of Directors of the project immediately prior to the addition of the above mentioned apartments shall continue to govern the project in accordance with the provisions of this Declaration and the By-Laws.

"5. The Fee Owner shall have the right to execute, acknowledge and deliver any and all instruments necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers and privileges granted by this paragraph, all as the true and lawful attorney-in-fact of the respective owners from time to time of the apartments of the project.

"6. If any one or more of the provisions of this paragraph shall be declared to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions of this paragraph and shall in no way affect the enforceability of any other provision hereof.

"7. In the event the Fee Owner shall add Apartment "A" to the project, the following provisions shall apply:

(a) Apartment "A" may be occupied and used for any purposes that are permitted from time to time under applicable statutes, ordinances, rules and regulations, governmental determinations and restrictions of the appropriate agencies of the County of Kauai and State of Hawaii, including without limitation for food service and a bar operation. The owner of Apartment "A" shall have the absolute right to lease such apartment subject to all provisions of this Declaration and the By-Laws attached hereto.

"(b) Apartment "A" shall have separate meters to determine the costs to be paid by Apartment "A" for utilities, including electricity, water, gas, fuel, oil, sewerage and drainage, as applicable, or to the extent said utilities are not separately metered, the Board of Directors shall determine the charges to Apartment "A" for such unmetered utilities in a fair and equitable manner with the assistance of an engineer. In the event the owner of Apartment "A" shall dispute any such apportionment, then said matter shall be determined by a single arbitrator appointed by the American Arbitration Association upon application of either the owner of Apartment "A" or the Board; such arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in effect, except that each side (the owner of Apartment "A" and the Board) shall be limited to a maximum of one day's presentation of its case and the arbitrator shall deliver his decision within ten (10) days after the close of the arbitration presentation by both sides, or the arbitrator shall not be entitled to any compensation; each side shall pay one-half (1/2) of the legitimate costs of said arbitration, provided that all attorneys' and witnesses' fees shall be borne by the respective party incurring them. The decision of said arbitrator shall be final, conclusive and binding on all parties, as provided in Chapter 658 of the Hawaii Revised Statutes, as amended.

"Provided, further, that notwithstanding any provision in this Declaration to the contrary, any such alterations or additions within Apartment "A" hereinafter described, or within a limited common element appurtenant to and for the exclusive use of such apartment, shall require only the written approval thereof, including the apartment owner's plans therefor, by the holder of a first lien affecting such apartment (if the lienholder requires such approval) and the Board (which approval shall hereby be presumed to have been given; provided that if such alterations or additions shall adversely affect other apartments to a material degree, formal approval by the Board shall be required, which approval the Board shall not unreasonably or arbitrarily withhold), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the project as so altered."

Failure of the Developer to add the additional or maximum number of apartments and/or convert Apartment "A" area into kitchen, dining, bar, storage and balcony by December 31, 1984, would cause the reservation areas and/or space designated for Apartment "A" to remain within the common elements of the project and the Developer's development rights thereafter would be foreclosed.

ENCUMBRANCES AGAINST TITLE: A Preliminary Title Report dated August 26, 1980, issued by Long & Melone, Ltd. and documents supplied to the Commission provide that the following are encumbrances against title to the property:

1. For any taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the Fourth Division, County of Kauai, Hawaii.

2. Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation, now Consolidated Oil & Gas, Inc., dated March 1, 1971, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7444, Page 93, as amended.

NOTE: All apartment owners are subject to, bound by, and shall comply with the provisions of the Declaration of Restrictions, Covenants and Conditions and to become a member of the Princeville at Hanalei Community Association and subject to a monthly assessment of association dues (currently estimated to be \$5.02 per month per apartment).

3. Easement D-7 (10 feet wide) as shown on File Plan 1179 for surface drainage and located along the northwesterly (front) boundary of the land of the project.

4. Reservation in favor of Consolidated Oil & Gas, Inc. as contained in Deed dated March 30, 1979, and recorded as aforesaid in Liber 13590, Page 408.

5. Mortgage by and between Grove Investment Group, Inc., as Mortgagor, and Consolidated Oil & Gas, Inc., a Colorado corporation, as Mortgagee, dated March 30, 1979, in the amount of \$608,000.00, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13590, Page 413.

6. Assignment of Mortgage by and between Consolidated Oil & Gas, Inc., a Colorado corporation, as Assignor, and Princeville Development Corporation, a Colorado corporation, as Assignee, dated February 4, 1980, effective January 1, 1980, recorded as aforesaid in Liber 14504, Page 443, assigning foregoing Mortgage and others.

7. Mortgage by and between Grove Investment Group, Inc., as Mortgagor, and Thomas Baird, Sue Baird, Dayla Carr, Norma Carr, Merle Cody, Mary Kay Cody, John Deneweth, Annette Deneweth, William Estep, Margaret Estep, Wayne Flanary, Thomas Hunt, Robert Hunt, Robert Rappaport, Donald G. Eyer and Joan L. Eyer, as Mortgagee, in the amount of \$526,000.00, dated May 3, 1980, recorded as aforesaid in Liber 14852, Page 228.

8. Grant of Easement dated October 8, 1980, recorded as aforesaid in Liber 15068, Page 17, in favor of Princeville Development Corporation, a Colorado corporation, for golf course access and golf cart and golf course maintenance equipment roadway purposes.

NOTE: The Developer advises it plans to grant utility easements over portions of the lands of the project.

PURCHASE MONEY HANDLING: The information set forth in this topical heading relating to the provisions of the specimen Sales Contract have been altered completely as follows:

1. Buyer acknowledges that neither Seller nor any of its representatives has made any representation or reference as to rental of the apartment, income from the apartment or any other economic benefit to be derived from the rental of the apartment, including, but not limited to, any reference or representation to the effect that Seller or the Managing Agent of the project will provide, directly or indirectly, any services relating to the rental of the apartment. It is understood and agreed that rental or other disposition of the apartment and the provisions of management services in connection therewith is and shall be the sole responsibility of the Buyer.

2. Seller anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the project will contain a clause similar to Section 13.2.2 of AIA Document A201 which provides in pertinent part that:

"If, within one year after the Date of Substantial Completion . . . , any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition."

Seller makes no warranties itself, but Seller agrees that the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the project, including the above described contractor's agreement to promptly correct any of its work found to be defective or not in conformance with the construction contract for a period of one (1) year after the "Date of Substantial Completion" of the apartment as defined in the construction contract and the benefit of such agreement shall accrue to Buyer on closing without further instruments or documents. Seller hereby agrees to cooperate with Buyer during the effective period of such agreement in asserting any claims based thereon. Buyer acknowledges and agrees that Seller is not adopting the contractor's warranty or acting as co-warrantor but is merely attempting to pass through to Buyer the benefit of any such contractor's warranty, if any.

Seller shall also assign to Buyer the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartment. Buyer acknowledges that the Seller is only passing through to Buyer any such manufacturer's or dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered thereby. The terms of the manufacturer's or dealer's written warranties are available for the Buyer's examination at the Seller's sales office.

Except for the agreements set forth above, it is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE.

3. The condominium file plan for the project which is to be filed with the Bureau of Conveyances and the Real Estate Commission is intended only to show the layout, location, apartment numbers and dimensions of the apartments and the Buyer acknowledges that the condominium file plan, consisting of the floor plans and elevations, is not intended to be and does not constitute any other representation or warranty by Seller.

4. Reservation Agreement. Notwithstanding any other provision of this Agreement to the contrary, it is expressly understood and agreed that unless and until Seller: (i) obtains the issuance by the Real Estate Commission of the State of Hawaii of the Final Public Report on the project; and (ii) has received from Buyer a fully executed receipt for the Final Public Report, that this Agreement shall represent only a reservation by the Buyer and shall not be binding upon either party hereto, and until such time, this Agreement may be terminated at the option of either party. In the event of such termination, Seller shall cause Escrow to refund all payments previously made by Buyer, without interest, and neither party shall have any other or further liability hereunder. If this Agreement is entered into after the issuance of the Final Public Report, this paragraph shall be of no force or effect and this Agreement shall be fully binding upon Buyer and Seller upon acceptance of this Agreement by Seller as provided in Paragraph "F-23" hereof.

5. Buyer agrees that all of the rights of Buyer under this Agreement are and shall be subject and subordinate to the lien of any mortgage securing the repayment of the interim loans, described above, made to finance the acquisition of the project, the cost of construction and other costs during construction and to any and all other costs during construction and to any and all advances made thereon, and to any and all sums which may become a lien pursuant to the terms of such interim loans or any other agreement relating thereto. Buyer hereby irrevocably appoints Seller the attorney-in-fact of Buyer to execute and deliver on behalf of Buyer any instrument of subordination which the interim lenders or their respective successors in interest may require.

NOTE: PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THE SELLER'S MORTGAGE LOANS (CONSTRUCTION, RENEWALS AND EXTENSIONS) FOR THE PROJECT SHALL BE AND REMAIN AT ALL TIMES A SUPERIOR LIEN ON THE PROJECT, AND PURCHASERS INTENTIONALLY WAIVE AND SUBORDINATE THE PRIORITY OF LIEN UNDER THE SALES CONTRACT IN FAVOR OF THE MORTGAGE LOANS.

6. Cancellation of Prior Agreement. In consideration of the execution of this Agreement and the mutual covenants herein set forth, Seller and Buyer agree that that certain Condominium Reservation Agreement, Deposit Receipt and Contract by and between Seller and Buyer dated _____, 19__, if any, relating to the Apartment covered hereby, is hereby cancelled and rendered null and void, and neither party thereto shall have any obligation thereunder.

7. The parties understand and agree that the estimated completion date of the project, June 30, 1981, is an approximate date given to the best of the Seller's information and belief and that Buyer recognizes

that such date may vary either by having the completion date extended or by completing construction prior to the estimated completion date. If the project is completed prior to the estimated completion date, the Seller shall give the Buyer as much advance notice as is possible, but Buyer agrees that Seller may proceed as hereinbefore provided in establishing a Date of Closing. It is understood and agreed that, notwithstanding the foregoing, the estimated time hereinabove set forth for completion of construction of the project or any of the improvements may be extended by Seller for any period of time during which acts of God, the elements, war or civil disturbance, strikes or other disturbances, government legislation or controls, or economic controls making it impossible to obtain the necessary labor or materials or other matters or conditions beyond the control of Seller.

Notwithstanding any other provision in this Agreement to the contrary, the project shall be completed within two (2) years of the date of the execution by Buyer of the receipt for the Final Public Report for the project; provided, however, said two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in completing construction if said delay is caused by fire, earthquake, acts of God, the elements, war or civil disturbance, strikes or other disturbances, government legislation or controls, or economic controls making it impossible to obtain the necessary labor or materials or other matters or conditions beyond the control of Seller.

8. This Agreement shall not be assignable without the prior written consent of Seller; which consent may be withheld at Seller's sole discretion.

9. Final closing shall occur on the Date of Closing as defined herein. However, Buyer is hereby advised that Seller intends to preclose, regardless of the status of the construction of the apartments, by having all documents necessary for closing executed prior thereto and deposited with Escrow, and Buyer hereby agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller. Notwithstanding the foregoing, Seller shall not require a preclosing more than five (5) months prior to the estimated Date of Closing.

10. At the time of the preclosing described above, Buyer agrees to pay into escrow all sums due from Buyer at closing, excluding only the mortgage proceeds, if applicable, which mortgage proceeds Buyer hereby authorizes Escrow to collect as of the Date of Closing.

11. In the event any payment to be made by Buyer hereunder is not made when due, such late payment shall bear interest at the rate of one percent (1%) per month until paid.

12. Buyer hereby agrees for the sole benefit of Seller that until Seller has closed out the sale of all the apartments in the condominium project or until December 31, 1983, whichever shall first occur, that Buyer will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the condominium project and/or any third party under which Buyer agrees to share expenses and/or rentals of apartments in the condominium project. This agreement of Buyer shall survive the issuance to Buyer of the Conveyance Document described in Paragraph "A" above, and shall bind Buyer's heirs, personal representatives, successors and assigns during the term thereof.

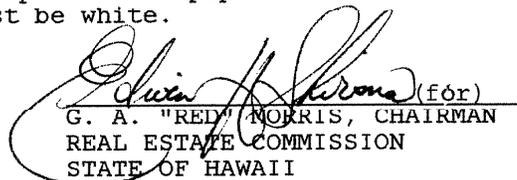
13. Buyer understands that Seller proposes to develop, construct and sell an additional increment to the project on the lands of the project as set forth in the Declaration, and that this may result in the creation of dust, noise, vibrations and other nuisances; and Buyer hereby agrees that neither Buyer nor anyone claiming by, through or under Buyer will hold or attempt to hold Seller responsible for the creation of any nuisances arising out of or in connection with any work incidental or connected with the development, construction or sale of said additional increment, and that no such nuisance shall constitute a breach of a covenant by Seller under said Conveyance Document or this Agreement. Buyer further understands and agrees that Seller, for itself and its assigns, and for the agents, employees and independent contractors of Seller or Seller's assigns, reserves an easement over, under and across the common elements of the project for the purpose of all work connected with or incidental to the development, construction or sale of said additional increment, but only until December 31, 1984. Buyer hereby agrees and represents to Seller that, notwithstanding Seller's proposed additional increment to the project, Buyer does not rely thereon.

It is incumbent upon the purchaser and the prospective purchaser that he read with care the Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursements of said trust funds. The specimen Sales Contract specifically provides that the purchaser approve said Escrow Agreement and assume the benefits and obligations therein provided.

STATUS OF PROJECT: The Developer advises that it estimates construction of the project will begin on November 1, 1980 and be completed on June 30, 1981.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted April 11, 1979, and information subsequently filed as of October 15, 1980.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1122 filed with the Commission on April 11, 1979. This report when reproduced shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be white.


G. A. "RED" MORRIS, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION, COUNTY OF KAUAI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1122

October 28, 1980

EXHIBIT "B"

1. Apartment No. 1-A is located on the first floor of Building No. 1.

2. Apartments 1-B, 1-C, 1-D, 1-E and 1-F are located on the first and second floors of Building No. 1, the two floors of each of these apartments being connected by an internal stairway.

3. Apartments 2-A, 2-B, 2-C and 2-D are located on the first and second floors of Building No. 2, the two floors of each of these apartments being connected by an internal stairway.

4. Apartments 3-A, 3-B, 3-C and 3-D are located on the first and second floors of Building No. 3, the two floors of each of these apartments being connected by an internal stairway.

5. Apartments 4-A, 4-B, 4-C and 4-D are located on the first and second floors of Building No. 4, the two floors of each of these apartments being connected by an internal stairway.

6. Apartment 4-E is located on the first floor of Building No. 4.

7. Apartments 5-A, 5-B, 5-C and 5-D are located on the first and second floors of Building No. 5, the two floors of each of these apartments being connected by an internal stairway.

8. Apartment 5-E is located on the first floor of Building No. 5.

9. Apartment 6-A is located on the first floor of Building No. 6.

10. Apartments 6-B, 6-C, 6-D and 6-E are located on the first and second floors of Building No. 6, the two floors of each of these apartments being connected by an internal stairway.

11. Apartments 7-A, 7-B, 7-C, 7-D, 7-E and 7-F are located on the first and second floors of Building No. 7, the two floors of each of these apartments being connected by an internal stairway.

12. Apartments 8-A and 8-D are located on the first floor of Building No. 8.

13. Apartments 8-B and 8-C are located on the first and second floors of Building No. 8, the two floors of each of these apartments being connected by an internal stairway.

14. Apartments 9-A and 9-D are located on the first floor of Building No. 9.

15. Apartments 9-B and 9-C are located on the first and second floors of Building No. 9, the two floors of each of these apartments being connected by an internal stairway.

16. Apartments 10-A and 10-F are located on the first floor of Building No. 10.

17. Apartments 10-B, 10-C, 10-D and 10-E are located on the first and second floors of Building No. 10, the two floors of each of these apartments being connected by an internal stairway.

18. Apartments 11-A, 11-B, 11-C and 11-D are located on the first and second floors of Building No. 11, the two floors of each of these apartments being connected by an internal stairway.

19. Apartment 11-E is located on the second floor of Building No. 11.

20. Apartment 11-F is located on the first floor of Building No. 11.

TYPE AND DESCRIPTION OF UNITS:

21. Unit Type "A": Five (5) apartments, being numbers 1-A, 5-E, 9-D, 10-A and 10-F, are built according to this floor plan (or its reverse plan) consisting of six (6) rooms, including a living room, kitchen, two bedrooms, two bathrooms and a covered deck. Each of these apartments contains a floor area of approximately 1,040 square feet excluding the covered deck. The covered deck for each of Apartment Nos. 1-A, 9-D and 10-A is approximately 240 square feet. The covered deck for each of Apartment Nos. 5-E and 10-F is approximately 128 square feet.

22. Unit Type "A-1": Seven (7) apartments, being numbers 4-E, 6-A, 8-A, 8-D, 9-A, 11-E and 11-F, are built according to this floor plan (or its reverse plan) consisting of six (6) rooms, including a living room, kitchen, two (2) bedrooms, two (2) bathrooms and a covered deck. Each of these apartments contains a floor area of approximately 1,120 square feet excluding the covered deck. The covered deck for each of Apartment Nos. 4-E, 8-A, 9-A, 11-E and 11-F is approximately 128 square feet. The covered deck for each of Apartment Nos. 6-A and 8-D is approximately 240 square feet.

23. Unit Type "B": Twenty-five (25) apartments, being numbers 1-B, 1-C, 1-F, 2-A, 2-B, 3-C, 3-D, 4-C, 4-D, 5-C, 5-D, 6-B, 6-C, 7-A, 7-B, 7-E, 7-F, 8-B, 8-C, 9-B, 9-C, 10-B, 10-C, 11-C and 11-D are built according

to this floor plan (or its reverse plan) consisting of four (4) rooms on the first floor, including two (2) bedrooms and two (2) bathrooms, and three (3) rooms on the second floor, including a living room, kitchen, half (1/2) bath and a covered deck. Each of these apartments contains a total floor area of approximately 1,300 square feet excluding the covered deck, which contains approximately 255 square feet.

24. Unit Type "B-1": Eighteen (18) apartments, being numbers 1-D, 1-E, 2-C, 2-D, 3-A, 3-B, 4-A, 4-B, 5-A, 5-B, 6-D, 6-E, 7-C, 7-D, 10-D, 10-E, 11-A and 11-B are built according to this floor plan (or its reverse plan) consisting of four (4) rooms on the first floor, including two (2) bedrooms and two (2) bathrooms, and three (3) rooms on the second floor, including a living room, kitchen, half (1/2) bath and a covered deck. Each of these apartments contains a total floor area of approximately 1,300 square feet excluding the covered deck, which contains approximately 255 square feet.

NOTE: IN ACCORDANCE WITH LOCAL PRACTICE, THE APPROXIMATE GROSS FLOOR AREA OF EACH APARTMENT AS SET FORTH ABOVE INCLUDES ALL OF THE WALLS AND PARTITIONS WITHIN ITS PERIMETER WALLS, THE ENTIRETY OF ITS PERIMETER NONPARTY WALLS AND THE INTERIOR HALF OF ITS PERIMETER PARTY WALLS, WHETHER LOAD-BEARING OR NONLOAD-BEARING.

EXHIBIT "D"

1. Apartments 12-A, 12-B, 12-C and 12-D will be located on the first and second floors of Building No. 12, the two floors of each of these apartments being connected by an internal stairway.

2. Apartments 13-A, 13-B, 13-C and 13-D will be located on the first and second floors of Building No. 13, the two floors of each of these apartments being connected by an internal stairway.

3. Apartment 13-E will be located on the first floor of Building No. 13.

4. Apartments 14-A, 14-B and 14-C will be located on the first and second floors of Building No. 14, the two floors of each of these apartments being connected by an internal stairway.

5. Apartment 14-D will be located on the first floor of Building No. 14.

6. Apartments 15-A, 15-B, 15-C and 15-D will be located on the first and second floors of Building No. 15, the two floors of each of these apartments being connected by an internal stairway.

7. Apartments 15-E will be located on the first floor of Building No. 15.

8. Apartments 16-A, 16-B and 16-C will be located on the first and second floors of Building No. 16, the two floors of each of these apartments being connected by an internal stairway.

9. Apartment 16-D will be located on the first floor of Building No. 16.

TYPE AND DESCRIPTION OF UNITS:

10. Unit Type "A": Three (3) apartments, being numbers 14-D, 15-E and 16-D will be built according to this floor plan (or its reverse plan) consisting of six (6) rooms, including a living room, kitchen, two (2) bedrooms, two (2) bathrooms and a covered deck. Each of these apartments contains a floor area of approximately 1,040 square feet excluding the covered deck. The covered deck for each of Apartment Nos. 14-D and 15-E is approximately 240 square feet. The covered deck for Apartment No. 16-D is approximately 128 square feet.

11. Unit Type "A-1": One (1) apartment, being number 13-E will be built according to this floor plan consisting of six (6) rooms, including a living room, kitchen, two (2) bedrooms, two (2) bathrooms and a covered

deck. This apartment contains a floor area of approximately 1,120 square feet excluding the covered deck, which contains approximately 128 square feet.

12. Unit Type "B": Ten (10) apartments, being numbers 12-A, 12-B, 13-A, 13-B, 14-B, 14-C, 15-C, 15-D, 16-B and 16-C will be built according to this floor plan (or its reverse plan) consisting of four (4) rooms on the first floor, including two (2) bedrooms and two (2) bathrooms, and three (3) rooms on the second floor, including a living room, kitchen, half (1/2) bath and a covered deck. Each of these apartments contains a total floor area of approximately 1,300 square feet excluding the covered deck, which contains approximately 255 square feet.

13. Unit Type "B-1": Eight (8) apartments, being numbers 12-C, 12-D, 13-C, 13-D, 14-A, 15-A, 15-B and 16-A will be built according to this floor plan (or its reverse plan) consisting of four (4) rooms on the first floor, including two (2) bedrooms and two (2) bathrooms, and three (3) rooms on the second floor, including a living room, kitchen, half (1/2) bath and a covered deck. Each of these apartments contains a total floor area of approximately 1,300 square feet excluding the covered deck, which contains approximately 255 square feet.

14. Apartment "A" will be located on the main and lower levels of the Recreation Building. This apartment will consist of five (5) rooms, including a kitchen and a storage room on the lower level, and a dining area, kitchen, bar area and balcony area on the main level. This apartment contains a floor area of approximately 3,270 square feet.

NOTE: IN ACCORDANCE WITH LOCAL PRACTICE, THE APPROXIMATE GROSS FLOOR AREA OF EACH APARTMENT AS SET FORTH ABOVE INCLUDES ALL OF THE WALLS AND PARTITIONS WITHIN ITS PERIMETER WALLS, THE ENTIRETY OF ITS PERIMETER NONPARTY WALLS AND THE INTERIOR HALF OF ITS PERIMETER PARTY WALLS, WHETHER LOAD-BEARING OR NONLOAD-BEARING.