

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT ON

KA'EO KAI PHASE II
Wyllie Road
Princeville, Kauai, Hawaii

REGISTRATION NO. 1181

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 but may only take reservations therefore after

- (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 10, 1979
Expires: November 10, 1980

SPECIAL ATTENTION

A comprehensive reading of this report 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 SEPTEMBER 25, 1979, AND INFORMATION SUBSEQUENTLY FILED AS OF OCTOBER 4, 1979. 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.

1. KA'EO KAI PHASE II is a proposed fee simple condominium project consisting of thirteen (13) two-story buildings, without basements, and forty-four (44) apartments and seventy-four (74) unassigned parking stalls.

2. The Developer of the Project has filed all documents and materials deemed necessary by the Commission for the registration of this proposed condominium project and the issuance of this Preliminary 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 not yet been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

4. No advertising and 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 Regime.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, October 10, 1979, unless a Final or Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Preliminary Public Report is made a part of registration on KA'EO KAI PHASE II condominium project. The Developer has the responsibility of placing a true copy of the Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed copy of the Receipt therefor from each such person.

NAME OF PROJECT: KA'EO KAI PHASE II

LOCATION: The approximate 4.056 acres of land to be committed to the regime is situated at Wyllie Road, Princeville, Kauai, Hawaii.

TAX MAP KEY: FOURTH DIVISION: 5-4-5-5.

ZONING: R-10

DEVELOPER: KA'EO KAI PHASE II DEVELOPMENT, a California limited partnership, 8460 Harold Way, Los Angeles, California and P. O. Box 318, Kilauea, Kauai, Hawaii 96754; telephone (213)656-8469 and (808)826-6433; David E. Walters - General Partner, 8460 Harold Way, Los Angeles, California 90069, telephone (213) 656-8469; Agapay & Levyn, a California Professional Corporation - Limited Partner, Suite 405, 10801 National Blvd., Los Angeles, California 90064.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of forty-four (44) apartments contained in thirteen (13) two-story buildings, without basements, constructed principally of wood, with post and beam construction.

The location and description of the various apartments follows:

(a) There are nine fourplex structures of this type within the Project, without basements. This type of fourplex structure is constructed principally of wood, with post and beam construction. Each fourplex structure is two floors in height and contains four apartments. Each of the eighteen (18) apartments located on the first floors of their respective buildings, being Apartment Nos. 1-A, 2-A, 3-A, 4-A, 8-A, 9-A, 10-A, 11-A, 12-A, 13-A, 14-A, 15-A, 16-A, 17-A, 18-A, 19-A, 20-A and 21-A, is built according to a floor plan, or its mirror image, consisting of approximately 2,146 square feet, including approximately 643 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room; in addition, each of these apartments also have an outdoor hot tub located on their decking. Eighteen (18) apartments located on the second floor of their respective buildings, being Apartment Nos. 1-B, 2-B, 3-B, 4-B, 8-B, 9-B, 10-B, 11-B, 12-B, 13-B, 14-B, 15-B, 16-B, 17-B, 18-B, 19-B, 20-B and 21-B, are built according to a floor plan, or its mirror image, consisting of approximately 2,327 square feet, including approximately 824 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room.

b. There are four duplex structures of this type within the project, without basements. This type of duplex structure is constructed principally of wood, with post and beam construction. Each duplex structure is two floors in height and contains two apartments. Each of the four (4) apartments located on the first floors of their respective buildings, being Apartment Nos. 5-A, 6-A, 7-A and 22-A, is built according to a floor plan, or its mirror image, consisting of approximately 2,146 square feet, including approximately 643 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room; in addition, each of these apartments also have an outdoor hot tub located on their decking. Four apartments located on the second floor of their respective buildings, being Apartment Nos. 5-B, 6-B, 7-B and 22-B, are built according to a floor plan, or its mirror image, consisting of approximately 2,327 square feet, including approximately 824 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room.

(c) In accordance with local practice, the approximate gross floor area of each apartment as set above includes all of the walls and partitions within its perimeter walls, the entirety of its perimeter non-party walls and the interior half of its perimeter party walls, whether load bearing or non-load bearing.

(d) Apartment Nos. 1-A and 2-A are located on the first floor of Building XVI. Apartment Nos. 1-B and 2-B are located on the second floor of Building XVI. Apartment Nos. 3-A and 4-A are located on the first floor of Building XVII. Apartment Nos. 3-B and 4-B are located on the second floor of Building XVII. Apartment No. 5-A is located on the first floor of Building XVIII. Apartment No. 5-B is located on the second floor of Building XVIII. Apartment No. 6-A is located on the first floor of Building XIX. Apartment No. 6-B is located on the second floor of Building XIX. Apartment No. 7-A is located on the first floor of Building XX. Apartment No. 7-B is located on the second floor of Building XX. Apartment Nos. 8-A and 9-A are located on the first floor of Building XXI. Apartment Nos. 8-B and 9-B are located on the second floor of Building XXI. Apartment Nos. 10-A and 11-A are located on the first floor of Building XXII. Apartment Nos. 10-B and 11-B are located on the second floor of Building XXII. Apartment Nos. 12-A and 13-A are located on the first floor of Building XXIII. Apartment Nos. 12-B and 13-B are located on the second floor of Building XXIII. Apartment Nos. 14-A and 15-A are located on the first floor of Building XXIV. Apartment Nos. 14-B and 15-B are located on the second floor of Building XXIV. Apartment Nos. 16-A and 17-A are located on the first floor of Building XXV. Apartment Nos. 16-B and 17-B are located on the second floor of Building XXV. Apartment Nos. 18-A and 19-A are located on the first floor of Building XXVI. Apartment Nos. 18-B and 19-B are located on the second floor of Building XXVI. Apartment Nos. 20-A and 21-A are located on the first floor of Building XXVII. Apartment Nos. 20-B and 21-B are located on the second floor of Building XXVII. Apartment No. 22-A is located on the first floor of Building XXVIII. Apartment No. 22-B is located on the second floor of Building XXVIII. The apartments are located on the project as depicted on the Condominium Map. Each apartment has immediate access to a stairway leading to the grounds of the project.

(e) The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the roofs or any pipes, wires, conduits or other utility 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 walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

NOTE: The purchasers of the second floor "B" apartments are being offered the option by the Developer to convert the same to a "Designer Suite" floor plan, or its mirror image, consisting of approximately 2,503 square feet, including approximately 176 square feet of loft space, approximately 554 square feet of enclosed decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room; in addition, each of these apartments also have a hot tub located on their decking.

COMMON ELEMENTS: One (1) 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, bearing walls, roofs and entries of said buildings;
3. All yards, grounds, landscaping, refuse facilities, walkways, parking areas, driveways and streets;
4. All ducts, electrical equipment, wiring and other central appurtenant installations, including power, light, water, sewer and telephone;
5. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

LIMITED COMMON ELEMENTS: No part 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 1/44th fractional interest (a 2.2727+ 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.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that the apartments shall be occupied and used only as private apartments or resort dwellings for permanent or transient occupancy and may be leased or rented from time to time on a daily, weekly or monthly period by their 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 subject to all provisions of the Declaration.

NOTE: Among other provisions, the House Rules state: (1) no dogs, cats or other domestic pets are allowed in the premises; (2) no more than seven persons shall be allowed to occupy a two bedroom apartment; and (3) guests may be permitted which exceed what is provided under (2) hereinabove up to a maximum of three days at any one time.

OWNERSHIP OF TITLE: A certificate of title dated August 20, 1979, issued by Long & Melone, Ltd., indicates that the Developer is the fee simple owner of the property to be committed to the regime.

ENCUMBRANCES AGAINST TITLE: Said certificate of title dated August 20, 1979, issued by Long & Melone, Ltd. provides 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. Roadway Easement 1 (24.00 feet wide), over and across Lot 2, in favor of Lot 3, area 0.592 acres.

3. Water and Sanitation Assessment and Lien, dated April 7, 1971, recorded as aforesaid in Liber 7486, Page 292, as supplemented and amended.

4. Declaration of Restrictions, Covenants and Conditions, dated March 1, 1971, recorded as aforesaid 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.

5. Reservations in favor of Consolidated Oil & Gas, Inc., in Deed dated June 13, 1979, recorded as aforesaid in Liber 13764, Page 717.

6. Mortgage made by Ka'eo Kai Phase II Development, a California limited partnership, as Mortgagor, in favor of Consolidated Oil & Gas, Inc., a Colorado corporation, as Mortgagee, dated June 13, 1979, recorded as aforesaid in Liber 13764, Page 731, to secure \$393,600.00.

7. Mortgage made by Ka'eo Kai Phase II Development, a California limited partnership, as Mortgagor, in favor of Hanalei Finance Partnership, a California partnership, as Mortgagee, dated June 14, 1979, recorded as aforesaid in Liber 13868, Page 755, to secure \$300,000.00.

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

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated September 18, 1979, between Hawaii Escrow & Title, Inc., as Escrow, and Developer has been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-39, 514A-63 and 514A-66 thereof.

Among other provisions, the executed Escrow Agreement states that a purchaser under contract of sale, upon written request, shall be entitled to a refund of all moneys deposited with Escrow, without interest and less Escrow's cancellation fee, if any of the following events shall have occurred:

(a) Escrow receives a written request from Seller to return to Purchaser the funds of such Purchaser then held hereunder by Escrow; or

(b) If Purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any change in the building plans, subsequent to the execution of Purchaser's contract, requiring the approval of the county officer having jurisdiction over the issuance of permits for construction, unless the Purchaser has given written approval or acceptance of the change, or ninety (90) days have elapsed since the Purchaser has accepted in writing the apartment or he has first occupied the apartment; or

(c) If the Purchaser's funds were obtained prior to the issuance of a Final Public Report and the Final Public Report differs in any material respect from the Preliminary Public Report, unless the Purchaser has given written approval or acceptance of the difference; or

(d) If the Final Public Report is not issued within one year from the date of issuance of the Preliminary Public Report; provided that if the Final public

report is issued after the one year period and a copy of the Final Public Report is delivered to the Purchaser either personally or by registered or certified mail with return receipt requested, notwithstanding any law to the contrary, the Purchaser shall have thirty days from the date of delivery to exercise his right of refund and cancellation of obligation, after which period such right shall be deemed waived; provided, further, that such waiver shall be effective only if at the time the Purchaser receives a copy of the Final Public Report, he is notified in writing of his right of refund and cancellation of obligation and the waiver of such right upon his failure to act within the thirty day period.

The specimen Sales Contract filed with the Commission contains, among others, the following provisions:

1. 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 hereby. 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.

2. 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 the contract shall represent only a reservation by the Buyer and shall not be binding upon either party hereto, and until such time, the contract may be terminated at the option of either party.

3. 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 made to finance the acquisition of the Project, the cost of construction and 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.

4. Under the terms of this sale, Buyer will be assuming the obligation to pay the balance of the obligation secured by the Water and Sanitation Assessment Lien Agreement against the apartment covered hereby.

5. 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 the 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.

6. Buyer 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 June 30, 1982, 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.

7. 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.

8. 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.

9. 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.

10. Buyer understands that Seller proposes to develop, construct and sell an additional increment to the Project on adjoining land 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, 1983. Buyer hereby agrees and represents to Seller that, notwithstanding Seller's proposed additional increment to the Project, Buyer does not rely thereon.

11. Buyer understands that the Reservation Agreement shall not be assignable without the prior written consent of Seller, which consent may be withheld at Seller's sole discretion.

MERGER OF INCREMENTS: The proposed Declaration provides that the Developer shall have the right at its sole option to amend the project, by way of merger, as hereinafter

provided, at any time up to, but not later than December 31, 1983, by the addition to the project of all or any of the following: (a) the twenty-six (26) apartments and the common elements of the Princeville Mauna Kai No. 1-A Horizontal Property Regime created by and described in Declaration of Horizontal Property Regime dated December 11, 1975, recorded as aforesaid in Liber 11190, Page 80, as amended, and as shown on Condominium Map No. 445, (b) the twenty (20) apartments and the common elements of the Ka'Eo Kai Horizontal Property Regime dated April 26, 1979, recorded as aforesaid in Liber 13648, Page 191, and as shown on Condominium Map No. 607, and (c) by the construction and addition to the project of up to another forty-three (43) additional apartments, together with such supporting and servicing common elements which the Developer determines in its sole discretion are beneficial to the project, on 4.500 acres of adjoining land. The purpose of the merger provisions is to provide for a merger of all increments just as if the increments involved had been developed as one single project. A merger may occur with respect to the fourth increment or any previous increments, or any one of them, at the same or different times and merger with respect to one of said increments shall not affect the right of the Developer to merge another increment or increments at a later date subject to all of the provisions of this Declaration. Merger shall take effect with respect to a particular additional increment upon the happening of all of the following conditions with respect thereto:

(a) Recordation in the Bureau of Conveyances of the State of Hawaii of a Declaration of Horizontal Property Regime and By-Laws covering the additional increment and a Condominium Map depicting the plot and floor plans of the additional increment; and

(b) Recordation in the Bureau of Conveyances of the State of Hawaii by the Developer of a "Certificate of Merger", which certificate shall contain:

(i) A certification by a Hawaii registered architect or professional engineer that all of the apartments of the additional increment are substantially completed; and

(ii) The common interest of each apartment of the project after completion of the subject merger.

From and after the date of the recordation of the said Certificate of Merger with respect to a particular additional increment, the following consequences shall ensue:

(1) Use of Common Elements. The apartments in each of the merged increments shall have the right to use the common elements in each increment to the same extent and subject to the same limitations

as are imposed upon an apartment in each increment just as though the merged increments had been developed as one increment.

(2) Common Interests. Each apartment of the merged increments shall each have appurtenant thereto an approximately equal undivided percentage interest in the common elements of the merged increments. The approximate common interest of each apartment after each proposed merger of additional increments shall be as follows:

Fourth Increment (being the increment to be built on the land described in Exhibit "C" to the proposed Declaration):

A 1/87th fractional interest (a 1.1494+ percentage interest).

All other increments:

A 1/133rd fractional interest (a .7518+ percentage interest).

(3) Board of Directors. The combined Boards of Directors of the merged increments immediately prior to the merger of a particular additional increment shall govern the merged project after completion of the merger; at a special meeting called for the purpose after the merger, the apartment owners shall remove the said existing Boards and elect a new Board (composed of five Directors) to govern the merged project until the next annual meeting.

In connection with, and only to the extent necessary for the merger of the apartments and common elements of the two existing increments as aforesaid, and for the creation of such additional apartments and common elements of said fourth increment, as aforesaid, the Developer shall have the right to remove, amend or add common elements; to remove, amend or add parking spaces; 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 connect the apartments and common elements of the two existing increments and the said additional apartments and common elements to utilities of the project, to file amendments to the Declaration for purposes of certifying condominium maps filed as reflecting the improvements shown therein to be "as built".

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

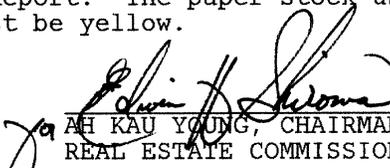
establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds. The specimen Sales Contract specifically provides that the purchaser approve said Escrow Agreement and assume the benefits and obligations therein provided.

MANAGEMENT OF THE PROJECT: The By-Laws which are incorporated in the Declaration provide that the operation of the Project shall be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible managing agent. The specimen Sales Contract provides that the Developer may appoint the initial managing agent for the Project. The Developer indicates that it proposes to appoint Aaron M. Chaney, Inc. whose business and post office addresses are Princeville, Hanalei, Kauai, Hawaii, and Box 188, Hanalei, Kauai, Hawaii, respectively, as the initial managing agent.

STATUS OF PROJECT: The Developer advises that it estimates construction of the Project will begin on October 1, 1979 and be completed by August 1, 1980.

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 September 25, 1979, and information subsequently filed as of October 4, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1181 filed with the Commission on September 25, 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 yellow.


AH KAU YOUNG, 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. 1181

October 10, 1979