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

LANIKAI
390 Papaloa Road
Olohena, Kauai, Hawaii

REGISTRATION NO. 1429

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: June 25, 1981
Expires: July 25, 1982

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MAY 27, 1981 AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 22, 1981. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. LANIKAI is a proposed fee simple condominium project consisting of eighteen (18) residential apartments arranged throughout two (2) three-story buildings. There are no basements in any of the buildings. There is also a detached support building containing the Manager's Office, maintenance storage, linen room, reception area and a toilet. There are a total of twenty-nine (29) unassigned parking stalls.

2. The Developer of the Project has submitted to the Commission for its examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.

3. The Developer reports that the Declaration of Horizontal Property Regime, the Bylaws of the Association of Apartment Owners and the Condominium Map will be recorded in the Bureau of Conveyances of the State of Hawaii immediately prior to the application for a Final Public Report.

4. No advertising or promotional materials have been submitted to the Commission.

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

6. This Preliminary Public Report is made a part of the registration of LANIKAI Condominium Project. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) together with the Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt for both.

7. This Preliminary Public Report expires thirteen (13) months after issuance, June 25, 1981, unless a Final or Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.

NAME OF PROJECT: LANIKAI

LOCATION: This Project is located at 390 Papaloa Road, Olohena, Kauai, Hawaii and has a land area of approximately 1.205 acres.

TAX MAP KEY: Fourth Division, 4-3-2-3(4).

ZONING: R-10.

DEVELOPER: LK Development Associates, a registered Hawaii limited partnership, R. R. 1, Box 256, Kapaa, Kauai, Hawaii, 96746. Telephone No. (808) 822-4981. The General Partner is Ventura Development Corp., R. R. 1, Box 256, Kapaa, Kauai, Hawaii, 96746. Telephone No. (808) 822-4981.

ATTORNEY REPRESENTING DEVELOPER: Libkuman, Ventura, Moon & Ayabe (Attention: Sidney K. Ayabe), Suite 1800, Grosvenor Center, 733 Bishop Street, Honolulu, Hawaii 96813. Telephone No. (808) 537-6119.

DESCRIPTION OF PROJECT: The proposed Declaration of Horizontal Property Regime reflects that the project is to consist of eighteen (18) residential apartments arranged throughout two (2) three-story buildings; one (1) of which is one bedroom unit, one (1) of which is a three bedroom unit and the remaining sixteen (16) of which are two bedroom units. There are no basements in any of the buildings. There is also a detached support building containing the Manager's Office, maintenance storage, linen room, reception area and a toilet. There are a total of twenty-nine (29) unassigned parking stalls. There is also a swimming pool on the project site.

The apartment shall be constructed principally of wood, gypsum board, glass and related building materials on a concrete slab and wood foundation.

The building number of each apartment, the number of each apartment, its type, its floor level within its building, the number of rooms, the approximate size of each apartment's living area and of its lanai area, the gross area, and the percent of common interest is set forth in Exhibit "A" attached hereto.

The layout, location and number of each apartment is shown on the Condominium Map.

The description of the type of apartments are set forth in Exhibit "B" attached hereto.

Each apartment shall be deemed to include: (i) any adjacent lanai, deck or entry court area to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors, windows or panels along the perimeters, and (v) all fixtures originally installed therein. The respective apartments shall not be deemed to include: (a) The undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the party walls, (b) the undecorated or unfinished floors and ceilings surrounding each apartment, or (c) any pipes, shafts, 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.

COMMON ELEMENTS: The common elements will include all portions of the Project, other than the apartments, including, specifically, but not limited to, all of the land submitted to this Horizontal Property Regime, in fee simple, the common elements mentioned in the Horizontal Property Act which are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normal in common use, and which are not included as part of an apartment, including, but not limited to:

(a) All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs walkways, boardwalk, ducts, pumps, pipes, wires, conduits, and generally all equipment, apparatus, installations and personal property existing for common use in the building or located on the Project lands;

(b) All driveways, roads and other common ways, landscaping, yards, fences, refuse collection areas, accessory equipment and guest parking areas situate on the Project lands;

(c) Said land in fee simple;

(d) The swimming pool and support building;

(e) 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

(f) 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.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project and the same proportionate share of all common profits and expenses of the project and for all other purposes, including voting, as shown on Exhibit "A" attached hereto. Interests in each apartment will be transferred by the Developer to each buyer under an Apartment Deed, consisting of a deed of the improvements comprising the particular apartment, and an undivided percentage interest in the common elements, inclusive of the land.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The proposed Declaration reflects that the apartments shall be used as permanent or temporary residences.

The proposed House Rules provide, in part: (1) Occupancy is limited to no more than two (2) persons per bedroom, except that this occupancy may be exceeded by members of the immediate family of the owner, rentee or lessee; (2) No dogs, cats, birds or other animals whatsoever shall be allowed or kept in any part of the project; and (3) No inflammable oils or fluids deemed ultrahazardous to life or property shall be stored in the apartments.

OWNERSHIP OF TITLE: A Preliminary Title Report dated April 24, 1981, issued by Title Guaranty of Hawaii, Incorporated states that fee simple title to the land is in the name of Lyle L. Guslander and Grace W. Guslander, husband and wife. There is an unrecorded Option Agreement dated October 6, 1980 by and betwen Lyle L. Guslander and Grace W. Guslander, husband and wife and Ventura Development Corp., a Hawaii corporation, general partner of LK Development Associates, providing to Ventura Development Corp. an option to purchase the land within twenty-four (24) months from the signing of the Option Agreement which was signed on October 6, 1980. Ventura Development Corp. has assigned all of its rights, interests and title under said option to LK Development Associates, the developer.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report states that title to the property is subject to the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, Fourth Division.

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

3. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County and/or Ordinance.

4. Mortgage made by Lyle L. Guslander, husband of Grace W. Guslander, in favor of Bank of Hawaii, a Hawaii corporation, dated October 26, 1964, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 4871, Page 456.

PURCHASE MONEY HANDLING: A copy of a specimen Deposit Receipt and Sales Contract and an executed Escrow Agreement have been submitted as part of the registration. The Escrow Agreement, dated April 20, 1981 identifies Title Guaranty Escrow Services, Inc. as the "Escrow". Upon examination, the specimen Sales Contract

and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly with Section 514A-37, 39, 40, 63 through 66. A prospective purchaser should carefully examine the form of Sales Contract and the Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon the purchaser to read and understand the Escrow Agreement before signing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's down payments and the Sales Contract provides that the purchaser approves the Escrow Agreement.

The Deposit Receipt and Sales Contract, among other things, contains acknowledgments by each purchaser: (i) that the Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the Project other than apartments owned by the Developer upon completion of the Project, if any, and the purchaser must make any such arrangements for his apartment, if desired, without the involvement or participation of the Developer; (ii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; that the purchaser acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; and (iii) that the purchaser's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgages or other security instruments made by the Developer in favor of any lending institutions to secure one or more loans for the purpose of constructing the Project.

The Escrow Agreement provides that a purchaser shall be entitled to a return of his funds (less a cancellation fee to Escrow), and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) The Developer and the purchaser shall have requested Escrow to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) The Developer shall have notified Escrow of the Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall have been a change in the building plans requiring approval of a county officer having jurisdiction over the issuance of building permits (except such changes as are specifically authorized in the Declaration of Horizontal Property Regime or by the terms of the sales contract or to which said purchaser has otherwise consented in writing or acceptance of the specific change is obtained or ninety days have elapsed since the purchaser has accepted in writing the unit or the purchaser has first occupied the unit); or

(d) The Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change shall not have been obtained; or

(e) The Final Report shall not have been issued within one (1) year from the date of issuance of the Preliminary Report and the purchaser has not waived his right to a refund.

The Escrow Agreement also provides the additional provisions where a purchaser shall be entitled to return of his funds if the Developer and purchaser shall so request in writing and any of the following events has occurred:

i. No sales contract has been offered to the purchaser who has been placed on the Developer's reservation list of owner-occupant applicants; or

ii. Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Developer is limited to selling to owner-occupant; or

iii. The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

iv. The purchaser indicated an intent not to become an owner-occupant of such unit.

Except for cancellation under subparagraph (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

MANAGEMENT AND OPERATION: Article III, Section 3, of the Bylaws states that the Board of Directors shall at all times employ a responsible Managing Agent to manage and control the Project, subject at all times to direction by the Board of Directors. The Developer has not entered

into a management agreement as of this date, but will enter into such an agreement in the future.

STATUS OF PROJECT: The Developer currently estimates that construction of the Project will commence in August, 1981, and will be completed within one (1) year from the date thereof.

The purchaser and prospective purchasers should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted May 27, 1981 and information subsequently filed as of June 22, 1981.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1429 filed with the Commission on May 27, 1981.

The report, when reproduced, shall be a true copy of the Commission's Public Report. Paper stock used in making facsimiles must be yellow.

G. A. "RED" MORRIS, Chairman
Real Estate Commission
State of Hawaii

Distribution:

Department of Taxation
Bureau of Conveyances
Planning Development
County of Kauai
Escrow Agent
Federal Housing Administration

Registration No. 1429
June 25, 1981

EXHIBIT A

Building No.	Apt. No.	Type	Floor	Number of Rooms	Approximate Square Feet of Living Area	Approximate Square Feet of Lanai Area	Gross Area	Percentage of Undivided Interest
1	111	3	1	8	1962	276	2238	.0759
1	112	1	1	5	1003	168	1171	.0385
1	113	2B	1	6	1445	288	1733	.0559
1	114	2A	1	6	1416	160	1576	.0548
1	121	2B	2	6	1445	288	1733	.0559
1	122	2A	2	6	1416	160	1576	.0548
1	123	2B	2	6	1445	288	1733	.0559
1	124	2A	2	6	1416	160	1576	.0548
1	131	2B	3	6	1445	288	1733	.0559
1	132	2A	3	6	1416	160	1576	.0548
1	133	2B	3	6	1445	288	1733	.0559
1	134	2A	3	6	1416	160	1576	.0548
2	211	2B	1	6	1445	288	1733	.0559
2	212	2A	1	6	1416	160	1576	.0548
2	221	2B	2	6	1445	288	1733	.0559
2	222	2A	2	6	1416	160	1576	.0548
2	231	2B	3	6	1445	288	1733	.0559
2	232	2A	3	6	1416	160	1576	.0548

Notwithstanding the limits of the apartments as herein stated, the approximate square footage for the respective types of apartments have been computed from and to center lines of the apartment perimeter walls and the exterior surface of all other apartment perimeter walls, and no reduction has been made to account for interior walls, ducts, shafts, and the like located within the perimeter walls.

EXHIBIT B

DESCRIPTION OF APARTMENT

(a) One Bedroom Apartments. There is only one (1) bedroom apartment which includes a living/dining room, kitchen, powder room (1/2 bath), bedroom, a full bath with tub with an approximate living area of 1,003 square feet, plus a lanai of approximately 168 square feet with a storage area.

(b) Two Bedroom Apartments. There are two different types of two (2) bedroom apartments. Type 2a includes a living/dining room, kitchen, entry, two bedrooms, two bathrooms with an approximate living area of approximately 1,416 square feet, plus a lanai area of approximately 160 square feet with a storage area. Type 2b includes a living/dining room, kitchen, entry, two bedrooms, two bathrooms with an approximate living area of 1,445 square feet, plus a lanai area of approximately 276 square feet with a storage area.

(c) Three Bedroom Apartments. There is only one (1) three bedroom apartment which includes a living/dining room, kitchen, entry, three bedrooms, three bathrooms with an approximate living area of 1,962 square feet, plus a lanai area of approximately 276 square feet with a storage area.