

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

HANAIEI PLANTATION

Hanalei, Kauai, Hawaii

REGISTRATION NO. 1441

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: August 7, 1981
Expires: September 7, 1982

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON JUNE 26, 1981 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF AUGUST 5, 1981. THE DEVELOPER, BY 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. HANAIEI PLANTATION is a proposed fee simple condominium project consisting of seven (7) residential building groups (consisting of a total of sixteen (16) separate detached and attached residential structures or building units) containing a total of seventy (70) residential apartment units, a lobby building containing one (1) commercial apartment and a manager's apartment, one (1) recreation building, two (2) tennis courts, three (3) garage buildings, together with other improvements, all to be built in accordance with floor plans filed with the Real Estate Commission. The project will contain a total of sixty-eight (68) uncovered parking stalls (forty-eight (48) of which will be unassigned and twenty (20) of which will be assigned), a total of sixty-four (64) assigned, unpartitioned parking stalls located in enclosed garages (with garage doors) within the residential buildings, and a total of six (6) assigned, unpartitioned parking stalls located in enclosed garages (with garage doors) within the garage buildings of the project.
2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of this 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 Condominium Map) have not yet been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii or recorded in the Bureau of Conveyances of the State of Hawaii.
4. No advertising or promotional matter other than the pre-sale offering to Owner-Occupants required under Chapter 514A, Part VI, Hawaii Revised Statutes, has been submitted 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 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 the HANAIEI PLANTATION condominium project. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock), together with Disclosure Abstract, in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt therefor from each purchaser and prospective purchaser is also the responsibility of the Developer.
7. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, August 7, 1981, unless a Supplementary or Final Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: HANAIEI PLANTATION

LOCATION: The project is located at Hanalei, Island and County of Kauai, State of Hawaii and consists of approximately 19.182 acres.

TAX KEY: Fourth Division: 5-4-04-02 and 13.

ZONING: Approximately 8 acres of the land is zoned "Resort-RR:RR-10" and the remainder of the land is zoned "O-Open" under the Ordinances of the County of Kauai, State of Hawaii.

DEVELOPER: HANAIEI DEVELOPMENT, INC., a Hawaii corporation, whose principal place of business and post office address is Suite 41A, 1910 Ala Moana Boulevard, Honolulu, Hawaii 96815 (Telephone (808) 946-1144). The current officers of HANAIEI DEVELOPMENT, INC. are:

Bruce C. Stark	President and Treasurer
Carol Y. Stark	Vice President
Kathleen R. Yoneda	Secretary

ATTORNEY REPRESENTING DEVELOPER: GOODSILL ANDERSON & QUINN (Attention: Carl K. Mirikitani), 1600 Castle & Cooke Building, Financial Plaza of the Pacific, Honolulu, Hawaii 96813 (Telephone (808) 547-5600).

DESCRIPTION OF THE PROJECT: The proposed Declaration of Horizontal Property Regime and the plans submitted by the Developer indicate that the project shall contain seven (7) residential building groups (consisting of a total of sixteen (16) separate detached and attached residential structures or building units) containing a total of seventy (70) residential apartment units, a lobby building containing one (1) commercial apartment and a manager's apartment (for use by the Managing Agent or other employee of the Association of Apartment Owners of the project), a pavilion building, three (3) enclosed garage buildings, a swimming pool, two (2) tennis courts, parking areas containing a total of sixty-eight (68) uncovered parking stalls (forty-eight (48) of which will be unassigned and twenty (20) of which will be assigned), a total of sixty-four (64) assigned, unpartitioned parking stalls located in enclosed garages (with garage doors) within the residential buildings, a total of six (6) assigned, unpartitioned parking stalls located in enclosed garages (with garage doors) within the garage buildings adjacent to Building Nos. 5, 6 and 7, and a total of seventy (70) assigned, partitioned storage cabinet areas enclosed by cabinets attached to the rear wall of each of said garages. Each of the buildings will be constructed principally of concrete and wood construction, with concrete tile roofs, wooden window frames, exterior plaster finish and, in certain areas, exterior wood siding. The buildings will also incorporate glass, steel, aluminum and allied building materials.

1. Residential Buildings.

(a) The residential buildings are designated as Building Nos. 1 through 7, inclusive. Portions of Building Nos. 1 and 2 are further designated as Building Unit Nos. 1A through 1D, inclusive, and 2A through 2G, inclusive, the number of each such Building Unit indicating the Building No. of which such Building Unit is a part and the following letter indicating the Building Unit of the Building No. of which it is a part. Building Unit Nos. 1A through 1D, inclusive, and 2A through 2G, inclusive, are attached by a trellis or trellises to the other Building Units of the Building No. of which they are a part, but each such Building Unit is otherwise a distinct, separate and self-contained structure. Building Nos.

3 through 7, inclusive, are each a separate, distinct and self-contained structure, are not attached to any other Building No. or Building Unit, and are each a single Building Unit (but are not separately designated as a Building Unit).

(b) Building No. 1 will contain a total of sixteen (16) apartments (with four (4) apartments in each of Building Unit Nos. 1A through 1D, inclusive, of said Building No. 1). Building No. 2 will contain a total of twenty-eight (28) apartments (with four (4) apartments in each of Building Unit Nos. 2A through 2G, inclusive, of said Building No. 2). Building No. 3 will contain a total of four (4) apartments and Building No. 4 will contain a total of four (4) apartments. Building No. 5 will contain a total of six (6) apartments, Building No. 6 will contain a total of six (6) apartments, and Building No. 7 will contain a total of six (6) apartments.

(c) Each Building Unit of Building Nos. 1 and 2 and Building Nos. 3 and 4 will each have four (4) levels consisting of four (4) stories and no basement level. Building Nos. 5 through 7, inclusive, will each have six (6) levels consisting of six (6) stories and no basement level.

(d) Each apartment contained within each Building Unit of Building Nos. 1 and 2 and within Building Nos. 3 through 7, inclusive, will each consist of two (2) levels. Each Building Unit of Building Nos. 1 and 2 and Building Nos. 3 and 4 will each have two (2) such apartments contained on the first and second floors of each such Building Unit and Building No. and two (2) such apartments contained on the third and fourth floors of each such Building Unit and Building No.. Building Nos. 5 through 7, inclusive, will each have two (2) such apartments contained on the first and second floors of each such Building No., two (2) such apartments contained on the third and fourth floors of each such Building No., and two (2) such apartments contained on the fifth and sixth floors of each such Building No.

2. Lobby Building.

(a) The lobby building will contain one (1) commercial apartment and a manager's office (for use by the Managing Agent or other employee of the Association of Apartment Owners of the project).

(b) The lobby building will have two (2) levels consisting of a first story and a basement level below.

(c) The commercial apartment will consist of two (2) levels contained on the first story and a part of the basement level of the lobby building.

(d) The manager's apartment will consist of one (1) level contained on the basement level of the lobby building.

3. Apartments.

(a) The proposed Declaration of Horizontal Property Regime states that there will be seventy-one (71) apartments in the project (exclusive, however, of the manager's apartment on the basement level of the lobby building which is set aside as a common element for use by the Managing Agent or other employee of the Association of Apartment Owners of the project).

(b) The apartments are designated on the Condominium Map by consecutive numbers from 1 through 71, inclusive, followed by the letter A, B, C, D, E, F, G or H. The foregoing letters identify each of the eight (8) types of apartments in the project. There are twenty-two (22) of each type A and B apartments, four (4) of each type C and D apartments, six (6) of each type E, F and G apartments and one (1) type H apartment in the project. Each apartment as so designated and identified by apartment number and type is located in the project as shown on the Condominium Map.

(c) Each type A, B, C, D, E, F and G apartment will consist of two (2) levels and have a living (with a wood-burning fireplace and bar area)/dining room, a powder room, a kitchen, a laundry room, a storage room and a lanai (with a cooking center and fiberglass/acrylic spa) on the lower level and two (2) bedrooms and two (2) bathrooms on the upper level. Each type A, C, E and F apartment will also have a mechanical room on the lower level. Each type D and G apartment will also have an additional bathroom and a den on the lower level.

(d) The type H apartment will consist of two (2) levels and have a dining room/bar area, a kitchen, a North balcony and a West balcony on the upper level and a storage/mechanical room, a men's restroom and a women's restroom on the lower level.

(e) Each type A, B, C, D, E, F and G apartment will have the following number of rooms (exclusive of lanai), approximate net living floor area in square feet (exclusive of lanai) and approximate net lanai floor area in square feet:

Apartment Type	No. of Rooms	Approx. Net Living Floor Area In Sq. Ft.	Approx. Net Lanai Floor Area In Sq. Ft.	Approx. Total Net Floor Area In Sq. Ft.
A	10	2,245	368	2,613
B	9	2,047	368	2,415
C	10	2,245	368	2,613
D	11	2,516	368	2,884
E	10	2,245	368	2,613
F	10	2,198	368	2,566
G	11	2,516	368	2,884

The type H apartment will have the following number of rooms (exclusive of balconies), approximate net living floor area in square feet (exclusive of balconies), approximate net North balcony floor area in square feet and approximate net West balcony floor area in square feet:

Apartment Type	No. of Rooms	Approx. Net Living Floor Area In Sq. Ft.	Approx. Net North Balcony Floor Area In Sq. Ft.	Approx. Net West Balcony Floor Area In Sq. Ft.	Approx. Total Net Floor Area In Sq. Ft.
H	5	2,842	112	304	3,258

The approximate net living floor areas set forth above are based on measurements taken from the interior surface of all perimeter walls, except that no reduction has been made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls. All approximate net lanai floor areas set forth above are based on measurements taken from the interior surface of all perimeter walls which do not separate the interior of the apartments from the lanais, from the exterior surface of all perimeter walls which separate the interior of the apartments from the lanais, and from the interior edge of the exterior railings of the lanais. All approximate net balcony floor areas set forth above are based on measurements taken from the interior surface of all perimeter walls which do not separate the interior of the apartment from the balconies, from the exterior surface of all perimeter walls which separate the interior of the apartment from the balconies, and from the interior edge of the exterior railings of the balconies. All floor areas set forth above are not exact but are approximations based on the floor plans of each type of apartment. All floor areas set forth above have also been rounded to the next lowest full square foot where the approximation of such floor areas exceed a square foot by any fraction of a square foot.

The measurements of the floor areas set forth above do not follow the designation of the limits of the apartments (the legally designated areas of the apartments) set forth below and the floor areas set forth above are greater than the floor areas of the apartments as so designated and described below.

(f) Each type A, B, C, D, E, F and G apartment will have immediate access to the walkways, corridors and stairways of the respective residential building in which such apartment is located which lead to the parking areas, roads, driveways and other common areas of the project. The type H apartment will have immediate access to the porte cochere and driveway ramps of the lobby building which lead to the parking areas, roads, driveways and other common areas of the project.

(g) Notwithstanding the floor areas set forth above and the manner in which such floor areas have been measured, the respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, skylights and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise located within such apartment which are utilized for or serve more than one apartment (including the manager's apartment on the basement level of the lobby building), and any mechanical, electrical and air conditioning equipment originally installed and located within any mechanical room of such apartment (whether or not utilized for or serving only one apartment), all of which are deemed common elements. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner-decorated or finished surfaces of all walls, floors, roofs and ceilings

(other than skylights); all glass windows (other than skylights), window frames (other than skylight frames), louvres, shutters (if any), panels, doors and door frames along its perimeter; the lanai or balconies, whichever the case may be, shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such lanai or balconies and to the exterior edge of the exterior railings of such lanai or balconies; and all of the fixtures (exclusive, however, of any mechanical, electrical and air conditioning equipment originally installed and located within any mechanical room of such apartment which are deemed common elements) and appliances originally installed therein, including, in the case of each type A, B, C, D, E, F and G apartment, the lanai tiles, carpets, refrigerator, dishwasher, range, ovens, garbage disposals, washer, dryer, sinks, bathroom fixtures, cooking center, fiberglass/acrylic spa and fireplace originally installed therein, and, in the case of the type H apartment, the floor coverings (if any), kitchen appliances and fixtures (if any) and restroom fixtures originally installed therein.

COMMON ELEMENTS: The proposed Declaration of Horizontal Property Regime states that the common elements shall include all the remaining portions of the project, including specifically, but not limited to:

1. The land in fee simple;
2. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, skylights, stairways, walkways, corridors, ramps, fences (if any), entrances, entryways and exists of all residential buildings of the project, all mechanical/electrical rooms therein which are not within any apartment, and all storage rooms therein which are not within any apartment and which are designated as limited common elements;
3. All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, the roof, skylights, porte cochere, ramps, fences (if any), and all entrances, entryways, exits, and other portions of the lobby building of the project (including the manager's apartment on the basement level thereof set aside for use by the Managing Agent or other employee of the Association of Apartment Owners of the project and the electrical room and maintenance room also on the basement level thereof) which are not a part of the apartment on the first story and a portion of the basement level of said lobby building and described on the Condominium Map as apartment 71H.
4. All yards, grounds, planting areas, planters, walkways, walkway railings, landscaping, refuse facilities, gardens, the tennis courts, the swimming pool and the pavilion building, and all other recreational facilities and appurtenances;
5. All roads, driveways, driveway ramps and parking areas;
6. All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, pipes, 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, water, gas (if any), cablevision (if any), air conditioning, sewer, refuse, telephone, and radio and television signal distribution;

7. Any and all apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors and, in general, all other installations and apparatus existing for common use;

8. All mechanical, electrical and air conditioning equipment originally installed and located within any mechanical room of any apartment or within any mechanical/electrical room, mechanical room or electrical room not within any apartment, or located elsewhere in the project (whether or not utilized for or serving only one apartment);

9. All of the garages within the residential buildings and all of the garage buildings, including all foundations, columns, girders, beams, floor slabs, supports, windows, walls, garage doors (and fixtures therefor), ceilings and roofs of such garages and garage buildings, which garages and garage buildings contain the parking stalls and storage cabinet areas which are designated as limited common elements;

10. The twenty (20) parking stalls located in the uncovered parking areas of the project and numbered 119 through 138, inclusive, all as shown on the Condominium Map, which are designated as limited common elements;

11. The remaining forty-eight (48) parking stalls located in the uncovered parking areas of the project and numbered 1, 2, 5, 6, 9, 10, 13, 14, 17, 18, 21, 22, 25, 26, 29, 30, 33, 34, 37, 38, 41, 42, 45, 46, 49, 50, 53, 54, 57, 58, 61, 62, 65, 66, 69, 70, 73, 74, 77, 78, 81, 82, 85, 86, 97, 98, 105 and 106, all as shown on the Condominium Map, for use by all residential apartment owners, their tenants and guests, and the Managing Agent and other employees of the Association;

12. Any and all other apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance or safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called the "limited common elements", are set aside and reserved for the exclusive use of certain apartments and such apartments shall have appurtenant thereto easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

1. Each of the sixty-four (64) unpartitioned parking stalls located in the garages within the residential buildings of the project and each of the six (6) unpartitioned parking stalls located in the garage buildings of the project shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned as follows:

<u>Apt.</u> <u>No.</u>	<u>Stall</u> <u>No.</u>	<u>Apt.</u> <u>No.</u>	<u>Stall</u> <u>No.</u>
1A	3	36B	71
2A	8	37A	75
3B	4	38A	80
4B	7	39B	76
5A	11	40B	79
6A	16	41A	83
7B	12	42A	88
8B	15	43B	84

9A	19	44B	87
10A	24	45C	89
11B	20	46C	92
12B	23	47D	90
13A	27	48D	91
14A	32	49C	93
15B	28	50C	96
16B	31	51D	94
17A	35	52D	95
18A	40	53E	101
19B	36	54E	102
20B	39	55F	99
21A	43	56F	104
22A	48	57G	100
23B	44	58G	103
24B	47	59E	109
25A	51	60E	110
26A	56	61F	107
27B	52	62F	112
28B	55	63G	108
29A	59	64G	111
30A	64	65E	115
31B	60	66E	116
32B	63	67F	113
33A	67	68F	118
34A	72	69G	114
35B	68	70G	117

2. The space within the perimeter walls, concrete floors and ceilings or roofs of each of the garages within the residential buildings and garage buildings of the project above each of said seventy (70) unpartitioned parking stalls, including the partitioned storage cabinet area within said space which is enclosed by cabinets attached to the rear wall of each such garage, shall be a limited common element reserved for the exclusive use of the apartment to which each of said respective unpartitioned parking stalls is assigned as set forth above.

Notwithstanding the foregoing, each unpartitioned parking stall and the space above such parking stall, including the partitioned storage area within said space which is enclosed by cabinets attached to the rear wall of each such garage, which are designated as limited common elements, shall not be deemed to include the perimeter walls, concrete floors, windows, ceilings, roofs or garage doors (and fixtures therefor) of the garage in which the same is located and shall be limited by the centerline between the two (2) unpartitioned parking stalls in each such garage as set forth on the Condominium Map.

3. Each of the respective storage rooms within Building Nos. 3, 4, 5, 6 and 7 which are not within any apartment shall be a limited common element appurtenant to and reserved for the exclusive use of each of the respective apartments within each of said respective Building Nos..

Notwithstanding the foregoing, each storage room designated as a limited common element shall not be deemed to include the perimeter walls, concrete floors, windows (if any), ceilings or roofs of each such storage room.

4. Each of the twenty (20) parking stalls located in the uncovered parking areas of the project and numbered 119 through 138, inclusive, all as shown on the Condominium Map, shall be a limited common element appurtenant to and reserved for the exclusive use of apartment 71H.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project, herein called the "common interest", and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting, by type of apartment as follows:

<u>Type of Apartment</u>	<u>Common Interest</u>	<u>Total No.</u>		
A	1.41825%	22	=	31.20150%
B	1.31079%	22	=	28.83738%
C	1.41825%	4	=	5.67300%
D	1.56534%	4	=	6.26136%
E	1.41825%	6	=	8.50950%
F	1.39274%	6	=	8.35644%
G	1.56534%	6	=	9.39204%
H	1.76834%	1	=	<u>1.76878%</u>
				100.00000%

EASEMENTS: The proposed Declaration of Horizontal Property Regime provides that the apartments and common elements (including limited common elements) shall have and be subject to a number of easements, including specifically, but not limited to, the following:

1. The Association of Apartment Owners shall have the right, exercisable by its Board of Directors, to grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the common elements of the project for any reasonable purpose, which may include, but shall not be limited to, those purposes which are necessary to the operation, care, upkeep, maintenance or repair of any apartment, the common elements or any limited common element or any easements for utilities or for any public purpose.

2. The Association of Apartment Owners shall have the right, exercisable by its Board of Directors, to transfer, cancel, relocate and otherwise deal with any easement over, under, across or through any lands adjacent to the project, which may be appurtenant to the land of the project, for any reasonable purpose, which may include, but shall not be limited to, any of the same purposes set forth in paragraph 1 above or for the reason that any owner of any such lands adjacent to the project exercises any right to require the relocation of any such easement.

3. The Developer shall have the right to conduct extensive sales activities on and at the project, including the use of model apartments, sales and management offices, parking stalls and extensive sales displays and activities until the earlier to occur of: (i) thirty-six (36) months from the date of filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and recording in the Bureau of Conveyances of the State of Hawaii of the first apartment deed covering an apartment in the project; or (ii) the closing of the sale of the last unsold apartment in the project. In the event that the Developer is unable to sell all of the apartments within said thirty-six (36) month period, the Developer shall, nevertheless, continue to have the right to conduct sales activities on and at the project until the closing of the sale of the last unsold apartment in the project, provided that such sales activities are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession, and aesthetic enjoyment of the project by the other apartment owners. Notwithstanding the foregoing, in the event that the Developer's mortgage lender or any successor to or assignee of the Developer's mortgage lender shall acquire any portion of the project in the course of any foreclosure or other legal proceeding or by an assignment or sale in lieu of foreclosure, such mortgage lender and its successors and assigns shall have the right to conduct such extensive sales activities on and at the project until at least ninety-five per cent (95%) of all of the apartments in the project have been sold and such sales have been closed.

4. The Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon any portion of the project, including the common elements, limited common elements and any apartment, as may be reasonably necessary for the completion of any improvements to and correction of defects and other punch-list items in the common elements, limited common elements or any apartment. Such easement shall terminate twenty-four (24) months after the later to occur of: (i) the date of filing in said Office of the Assistant Registrar and recording in said Bureau of Conveyances of the first apartment deed covering an apartment in the project; or (ii) the date of "substantial completion" (as said term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the improvement to be completed or corrected.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The proposed Declaration of Horizontal Property Regime provides that:

1. THE RESIDENTIAL APARTMENTS IN THE RESIDENTIAL BUILDINGS OF THE PROJECT (ALL TYPES A, B, C, D, E, F AND G APARTMENTS) SHALL BE OCCUPIED AND USED ONLY FOR PERMANENT OR TEMPORARY RESIDENTIAL PURPOSES, FOR TRANSIENT VACATION RENTAL OR HOTEL PURPOSES, OR AS TIME SHARE OR SHARING UNITS PURSUANT TO ANY TIME SHARE OR SHARING PLAN OR OTHER JOINT OWNERSHIP OR TIME INTERVAL PLAN OR PROGRAM AS SHALL BE PERMITTED BY LAW. THE OWNERS OF SUCH RESIDENTIAL APARTMENTS SHALL HAVE THE ABSOLUTE RIGHT TO SELL, RENT, LEASE OR OTHERWISE TRANSFER THEIR RESPECTIVE APARTMENTS IN CONNECTION WITH ANY SUCH OCCUPANCY OR USE FOR ANY LENGTH OF TIME.

NOTE: (1) A letter from the Kauai County Planning Department, on file with the Commission, confirms the zoning for the project being eligible for time sharing, as defined by applicable statutes of the State of Hawaii; however, there are no current Kauai County ordinances permitting time sharing use for the project.

NOTE: (2) In the event any person, including the Developer, desires to sell any time sharing interest in any apartment in the project, such persons will have to fully comply with the provisions of Chapter 514E, Hawaii Revised Statutes, and any rules and regulations promulgated thereunder prior to selling any such time sharing interest.

2. THE COMMERCIAL APARTMENT IN THE LOBBY BUILDING OF THE PROJECT (APARTMENT 71H) SHALL BE OPERATED AND USED ONLY AS A RESTAURANT AND BAR, AND/OR RETAIL OR OTHER COMMERCIAL SHOP OR STORE. THE OWNER OF SUCH COMMERCIAL APARTMENT SHALL HAVE THE ABSOLUTE RIGHT TO RENT OR LEASE ALL OR ANY PORTION OR PORTIONS OF SUCH COMMERCIAL APARTMENT IN CONNECTION WITH ANY SUCH OPERATION OR USE FOR ANY LENGTH OF TIME AND UPON SUCH TERMS AS THE OWNER OF SUCH COMMERCIAL APARTMENT SHALL DETERMINE.

3. No apartment owner of any apartment shall use his apartment for any purpose which will injure the reputation of the project or suffer anything to be done or kept in his apartment or elsewhere in the project which will (a) jeopardize the soundness of any building in the project, (b) interfere with or unreasonably disturb the rights of other owners and occupants, (c) obstruct any walkway, stairway or corridor of any building, (d) increase the rate of fire and extended coverage insurance on any building or the contents thereof, or (e) reduce the value of any building.

4. Except as otherwise expressly provided in Section 19 of the Declaration of Horizontal Property Regime or in the By-Laws of the Association of Apartment Owners, an apartment owner shall not, without the prior written consent of the Board of Directors of the Association of Apartment Owners, make any structural alterations in or additions to the apartment, make any interior alterations in or additions to the apartment visible from the exterior of the apartment, or make any alterations in or additions to the exterior of the apartment or to any other portion or portions of the common elements.

5. The common elements of the project shall not be used for any commercial purpose; provided, however, that the twenty (20) parking stalls located in the uncovered parking areas of the project and numbered 119 through 138, inclusive, all as shown on the Condominium Map, which are designated as limited common elements for the exclusive use of the commercial apartment in the lobby building of the project (apartment 71H), may be used for parking by patrons, customers, other business invitees, employees and guests of any business operated within such commercial apartment and the porte cochere and driveway ramps of said lobby building may also be used for their intended purposes by such persons. Vehicular access by such persons over the driveway which is under the lobby building to other parts of the common elements, shall be restricted at all times by a gate or any other similar device.

6. The provisions of the Section of the Declaration of Horizontal Property Regime in which the foregoing provisions, this provision and the following provision are set forth, may be amended only by the affirmative vote of one hundred percent (100%) of all of the apartment owners and consented to in writing by all holders of a first mortgage of record of any of the apartments or any interest therein (including any time share or sharing interest).

7. Notwithstanding anything contained hereinabove to the contrary, the Developer and the Developer's mortgage lender and its

successors and assigns, shall have the right to conduct extensive sales activities at and in the project, including the use of model apartments, sales and management offices, parking stalls and extensive sales displays and activities, as set forth in the Declaration of Horizontal Property Regime.

The proposed Rules and Regulations provide, in part, that: (1) Occupancy shall be limited to not more than two (2) persons per bedroom contained in each residential apartment, except that such occupancy may be exceeded by members of the immediate family of the owner, tenant or other occupant, provided that in no event shall the number of occupants be more than four (4) per bedroom; (2) Occupancy of the commercial apartment shall be subject to such limitations as may be established from time to time by law; (3) No waterbeds of any nature shall be allowed in any residential apartment without the prior written approval of the Board of Directors of the Association of Apartment Owners; and (4) No livestock, poultry, rabbits, dogs, cats, birds or other animals or pets whatsoever shall be allowed or kept in any part of the project.

OWNERSHIP OF TITLE: The Preliminary Title Report issued by Title Guaranty of Hawaii, Incorporated, dated June 3, 1981, reflects that the land is owned in fee simple by Hanalei Investment Corporation, a Hawaii corporation, hereinafter called the "Owner", and is subject to the development rights of the Developer under that certain Development Agreement dated August 15, 1979, by and between the Owner, as "Owner", and the Developer, as "Developer", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 957841 and noted on Transfer Certificate of Title No. 214,985 issued to the Owner, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13920, Page 609, as amended by that certain Amendment of Development Agreement dated June 19, 1981, by and between the Owner, as "Owner", and the Developer, as "Developer", filed in said Office of the Assistant Registrar as Document No. 1073343 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15634, Page 335. Under said Development Agreement, as amended by said Amendment of Development Agreement, the Developer has the right to develop the project and to either cause the Owner to execute and deliver apartment deeds to purchasers of apartments or to acquire the land from the Owner and itself execute and deliver apartment deeds to such purchasers.

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report issued by Title Guaranty of Hawaii, Incorporated, dated June 3, 1981, reflects the following encumbrances against the parcels (identified as "FIRST" through "THIRD", inclusive) comprising the land:

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor, Fourth Division.
2. The reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. As to FIRST only:
 - (a) As to Easements A, B, D and 6, the right of Lihue Plantation Co., Ltd., its successors and assigns, and Harriet Rice Moody, her heirs and assigns, at any time to change the location of said easements, and if any dispute shall arise as to the suitability of the new easements, such dispute shall be settled by a judge of the Land Court.

(b) As to Easements D and 6, the condition that any cost incurred in widening any of said easements from its now existing width to the full width of such easement shall be paid by the person or persons requesting said widening.

4. As to FIRST and THIRD only, the location of the seaward boundary in accordance with the law of the State of Hawaii, and shoreline setback line in accordance with County Regulation and/or Ordinance.

5. That certain Development Agreement dated August 15, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Owner", and Hanalei Development, Inc., a Hawaii corporation, as "Developer", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 957841 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13920, Page 609.

NOTE: Said Development Agreement was amended by that certain Amendment of Development Agreement dated June 19, 1981, by and between Hanalei Investment Corporation, as "Owner", and Hanalei Development, Inc., as "Developer", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1073343 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15634, Page 335.

6. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Dennis John Moritz, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967368 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 146.

7. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Alaska Northwest Properties, Inc., an Alaska corporation, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967369 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 167.

8. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Dicorp, Incorporated, a Hawaii corporation, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967370 and noted

on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 188.

9. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Orrin Henry Davison, Jr., as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967371 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 209.

10. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and First Hawaiian Bank, a Hawaii corporation, as Trustee for Radiology Group, Inc.-Pension, Profit Sharing, and HR-10, Segregated Investment Accounts for Dr. Philip Arthur and Dr. Raymond W. Brust, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967372 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 230, 33.6 percent of the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to Dr. Philip Arthur, by that certain Assignment dated March 31, 1981, by and between said Mortgagee, as "Assignor", and said Dr. Philip Arthur, as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1061930 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15460, Page 382.

11. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Robert Frederick Lindberg and William Joseph Yarbrough, Jr., as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967373 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 251.

12. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Gordon Kanji Uyeda, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967374 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 272.

13. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Norman Leon Hill, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967375 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 293.

14. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Kathleen Kam Oi Conahan, Trustee of the Conahan & Conahan, Attorneys at Law, a Law Corporation, Defined Benefit Pension Plan, and American Trust Co. of Hawaii, Inc., a Hawaii corporation, Trustee of the Bob Mueller Realty, Inc. Defined Benefit Pension Plan and Money Purchase Pension Plan, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967376 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 314.

15. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Samuel Alexander Cooke, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967377 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 336, the interest of said Mortgagee under which Subordinated Real Property Mortgage, Security Agreement and Financing Statement is subject to that certain Certificate of State Tax Lien dated May 1, 1981, recorded in said Bureau of Conveyances in Liber 15526, Page 221, in the amount of \$62.98.

16. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and American Trust Co. of Hawaii, Inc., a Hawaii corporation, Trustee for Persis Corporation Profit Sharing Plan, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967378 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 357.

17. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and American Trust Co. of Hawaii, Inc., a Hawaii corporation, Trustee for Richard T. Mamiya, M.D., Inc. Defined Benefit Pension Plan, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967379 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 378.

18. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Conrad W. Conrad, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967380 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 399.

19. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and David Fosdick Niles, also known as David F. Niles, Co-Conservator of the Estate of Kelly B. Niles, a Conservatorship established by the Superior Court of the State of California, County of Marin, by Order dated July 25, 1979, in Case No. 24789, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967381 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 420.

20. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and First Hawaiian Bank, a Hawaii corporation, Trustee for Sheridan Ing Corp. Defined Benefit Pension Plan, and American Trust Co. of Hawaii, Inc., a Hawaii corporation, Trustee for Jean Marie, Ltd. Defined Benefit Pension Plan, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967382 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 441.

21. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Paaulo Investment Company, Ltd., a Hawaii corporation, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967383 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 462, the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to Stark Ventures, Ltd., a Hawaii corporation, by that certain Assignment dated January 27, 1981, by and between said Mortgagee, as "Assignor", and said Stark Ventures, Ltd., as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1053319 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15317, Page 793.

22. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and George Koga, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii

as Document No. 967384 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 483, the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been conveyed to Stark Ventures, Ltd., a Hawaii corporation, by that certain Assignment dated March 17, 1981, by and between said Mortgagee, as "Assignor", and said Stark Ventures, Ltd., as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1059429 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15418, Page 249.

23. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and John Oliver Warren and John Oliver Warren, Jr., as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967385 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 504, the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to Stark Ventures, Ltd., a Hawaii corporation, by that certain Assignment dated April 17, 1981, by and between Jeannette Jahn Warren, Personal Representative of John Oliver Warren, deceased, Probate No. 41391 in the Circuit Court of the First Circuit, State of Hawaii, and John Oliver Warren, Jr., as "Assignors", and said Stark Ventures, Ltd., as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1065999 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15526, Page 611.

24. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Margaret Ann Mead, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967386 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 525.

25. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Bishop Trust Company, Limited, a Hawaii corporation, Trustee for Orthopedic Associates of Hawaii, Inc. Money Purchase Pension Plan, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 967387 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14021, Page 546.

26. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated October 3, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Gulab Watomull and John Hodson Connors, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 969642 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14047, Page 430, the interest of John Hodson Connors as Mortgagee under which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to John H. Connors, Inc., a Hawaii cor-

poration, by that certain Assignment dated June 17, 1980, by and between John Hodson Connors, as "Assignor", and said John H. Connors, Inc., as "Assignee", filed in said Office of the Assistant Registrar as Document Nos. 1019603 and 1019604 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 14820, Page 314, and all of the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to Stark Ventures, Ltd., a Hawaii corporation, by that certain Assignment dated March 6, 1981, by and between Gulab Watamull and said John H. Connors, Inc., as "Assignor", and said Stark Ventures, Ltd., as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1058105 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15397, Page 380.

27. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated October 11, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Gamrex, Inc., a Hawaii corporation, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 970927 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14061, Page 68.

28. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated October 16, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and John Cependa, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 971858 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14071, Page 724.

29. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated September 25, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Raymond West and Defton Developments Ltd., an Alberta corporation, doing business as West/Defton Joint Venture, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 975113 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14114, Page 188, the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to Stark Ventures, Ltd., a Hawaii corporation, by that certain Assignment dated November 10, 1980, by and between said Mortgagee, as "Assignor", and said Stark Ventures, Ltd., as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1043579 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15370, Page 227.

30. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated November 5, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Joseph Pineda Macapinlac, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 976189 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14129, Page 360, the Mortgagee's interest in which Subordinated Real Property Mortgage, Security Agreement and Financing Statement has been assigned to Stark Ventures, Ltd., a Hawaii corporation, by that certain Assignment dated October 16, 1980, by and between said Mortgagee as "Assignor", and said Stark Ventures, Ltd., as "Assignee", filed in said Office of the Assistant Registrar as Document No. 1036927 and noted on said Transfer Certificate of Title No. 214,985, and also recorded in said Bureau of Conveyances in Liber 15067, Page 663.

31. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated November 6, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Joseph Pineda Macapinlac, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 976190 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14129, Page 382.

32. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated October 18, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Said Yousef Amin, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 977783 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14164, Page 39.

33. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated October 18, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and Said Yousef Amin, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 977784 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14164, Page 60.

34. That certain Subordinated Real Property Mortgage, Security Agreement and Financing Statement dated December 3, 1979, by and between Hanalei Investment Corporation, a Hawaii corporation, as "Mortgagor", and CAP Development Corporation, a Hawaii corporation, as "Mortgagee", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 983675 and noted on Transfer Certificate of Title No. 214,985, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14273, Page 276.

NOTE: The Developer has notified the Commission that each of said Subordinated Real Property Mortgages, Security Agreements and Financing Statements hereinabove described shall be removed as a blanket encumbrance upon the land prior to the issuance of the first conveyance of an apartment in the project.

PURCHASE MONEY HANDLING: A specimen Sales Agreement for the sale of residential apartments, a specimen Sales Agreement for the sale of the commercial apartment, and a copy of the executed Escrow Agreement dated June 25, 1981, by and between First Hawaiian Bank, a Hawaii corporation, as "Escrow", and the Developer, as "Seller", have been submitted to the Real Estate Commission as part of the registration. Upon examination, the specimen Sales Agreements and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly Sections 514A-37, 514A-39, 514A-40, 514A-63 through 514A-67, and 514A-105.

The provisions of the Sales Agreement which applies in the case of each of the respective purchasers and the Escrow Agreement should be carefully read and understood by purchasers.

Among other provisions, the Escrow Agreement provides that:

1. Subject to various terms and conditions set forth in detail in the Escrow Agreement, the purchasers' funds held in escrow shall be disbursed by Escrow, at the times and in the amounts requested by Seller, from time to time, (a) to pay for construction costs in proportion to the valuation of the work completed by the contractor on the buildings and other improvements of the project, as certified by a registered architect or professional engineer, and approved by the Seller's Lender; (b) to pay for architectural, engineering, finance and legal fees as approved by the Seller's Lender; and (c) to pay for all other costs and expenses of the project as approved by the Seller's Lender.

2. All monies received by Escrow under the Escrow Agreement shall be deposited by Escrow in a special account or accounts with a federally insured bank or savings and loan association designated by Seller, in Honolulu, Hawaii, authorized to do business in the State of Hawaii, under an escrow arrangement, at the prevailing rate and held in accordance with the terms of the Escrow Agreement, and all interest paid thereon shall be credited to the account of the Seller.

3. Purchasers shall be entitled to a refund of their funds only if (a) Seller requests Escrow in writing to return to the purchaser the funds of such purchaser then being held under the Escrow Agreement by Escrow; (b) Seller notifies Escrow in writing of the Seller's exercise of Seller's option to rescind or cancel the Sales Agreement pursuant to any right of rescission or cancellation stated therein or otherwise available to the Seller; (c) the conditions provided for a refund under Sections 514A-63, 514A-64, or 514A-66 of the Horizontal Property Act (as amended on the date the Sales Agreement becomes binding and effective) have been met and written notice thereof has been provided to the Seller; or (d) Seller notifies Escrow in writing of the purchaser's cancellation of a reservation for the purchase of an apartment or of purchaser's exercise of the right to rescind or cancel the Sales Agreement pursuant to any right of rescission or cancellation stated therein.

Among other provisions, each of the specimen Sales Agreements provides (except as otherwise expressly indicated to the contrary below) that:

1. A Sales Agreement executed prior to the issuance of a Final Public Report for the project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment. Accordingly, the reservation may be cancelled and terminated at any time at the option of either party (and purchaser shall receive a refund) until such time as the purchaser and Seller execute a confirmation letter agreeing to make the Sales Agreement a binding contract. Therefore, the purchaser should be aware that the execution of a Sales Agreement prior to the issuance of a Final Public Report does not necessarily mean that the purchaser will be able to purchase the apartment reserved for the price stated or on the other terms stated in the Sales Agreement, or on any terms at all.

2. Seller makes no warranties, express or implied, with respect to the apartment, the project (including the common elements and the limited common elements), or any furnishings, fixtures, appliances or other consumer products or other items whatsoever installed, affixed or otherwise contained therein, including warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose. The Seller does, however, agree to attempt to pass through to the purchaser the benefit of the general contractor's warranty, if any, and also the unexpired term, if any, of any assignable manufacturer's or dealer's warranties covering any furnishings, fixtures, appliances and consumer products in the apartment.

3. Seller may cancel the Sales Agreement and hold the purchaser in default if any material negative change occurs in the purchaser's financial condition or any material negative discrepancy is discovered between the financial information furnished by the purchaser and the purchaser's actual financial condition. Seller may also cancel if the purchaser's application or eligibility for a mortgage loan is rejected or not approved within thirty (30) days after application. If purchaser proposes to pay the purchase price in cash and Seller, in its sole discretion, after reviewing the written evidence submitted to it by the purchaser, determines that Seller is not satisfied as to purchaser's ability to make such cash payments, then Seller may cancel the Sales Agreement. Seller may also cancel the Sales Agreement if the purchaser should die.

4. The Sales Agreement for the sale of residential apartments provides that notwithstanding the provisions set forth in the immediately preceding paragraph 3 above, if the Sales Agreement is entered into pursuant to Section 514A-105, Hawaii Revised Statutes, as amended, and if purchaser is unable to obtain adequate financing, or a loan commitment for adequate financing, within forty (40) days from the date of issuance by the Real Estate Commission of the State of Hawaii of the first Public Report for the project, the Sales Agreement shall be cancelled, subject to the approval of any lender financing the project, and, upon such cancellation, Seller shall cause Escrow to refund all payments previously made by purchaser, without interest, less the escrow cancellation fee and all costs incurred by Seller, Escrow, or any lending institution in processing the Sales Agreement or any loan application. If the Sales Agreement is

entered into pursuant to the aforesaid Section 514A-105 and if purchaser, during the ten (10) day period following the issuance by the Real Estate Commission of the State of Hawaii of the first Public Report for the project, desires to cancel the Sales Agreement on account of the hardship circumstances set forth in Section 514A-104(1), Hawaii Revised Statutes, or indicates an intent not to become an "owner-occupant" of the apartment covered by the Sales Agreement, Seller shall cancel the Sales Agreement, subject to the approval of any lender financing the project, and cause Escrow to refund all payments previously made by purchaser, without interest, less the escrow cancellation fee and all costs incurred by Seller, Escrow, or any lending institution in processing the Sales Agreement or any loan application, and Seller shall thereupon offer such apartment to such other persons whose names appear on the "owner-occupant" reservation list required by Section 514A-104, Hawaii Revised Statutes, beginning with the first name listed thereon, provided that if there are no additional names on the list, at the end of the ten (10) day period, Seller, at its option, may honor the Sales Agreement or cancel the Sales Agreement and sell such apartment to any other person.

5. If Seller is prevented by any governmental restrictions or regulations enacted after the date of acceptance of the Sales Agreement by Seller or by any other condition beyond Seller's control (including, but not limited to, any litigation instituted by any third party), from proceeding with or completing the construction of the project within the time and under the conditions as therein contemplated, Seller, at Seller's option, may cancel the Sales Agreement upon written notice to purchaser and refund of all sums paid by purchaser. Further, in the event the construction of the project is at any time or from time to time delayed due to governmental restrictions or regulations enacted after the date of acceptance of the Sales Agreement by Seller, or is delayed by any fire, tsunami, earthquake, acts of God, the elements, war or civil disturbances, strike or other labor disturbances, or any other condition or event beyond the control of Seller (including, but not limited to, any litigation instituted by any third party), or is delayed by any extensions of time granted by the project architect to the general contractor, and if Seller determines that the total cost of completing the project (as set forth in Seller's verified statement of all costs in completing the project, filed or to be filed with the Real Estate Commission prior to issuance of the Final Public Report) has been or will be increased as a result of any such delay or delays, then in any such event, Seller may, at Seller's option, cancel the Sales Agreement upon written notice to purchaser and refund of all sums paid by purchaser unless purchaser, within fifteen (15) days after receipt of written notice from Seller advising purchaser of the increased cost of completing the project and the resulting increase in the purchase price as shall be determined by Seller to be necessary to make the project economically feasible for the Seller, agrees in writing to pay such increased purchase price as shall be determined by Seller; provided, however, that Seller may not increase the purchase price by an amount in excess of the product of the common interest appurtenant to the apartment multiplied by the total amount of the increases in the total cost of completing the project.

6. Seller's mortgage loan or loans (interim, construction, renewals, extensions and modifications, used for acquiring the land, constructing the project, and associated costs) shall be and remain at all times a lien or charge on the project, including the individual apartments, prior to and superior to any and all other liens or charges on the project, and the purchasers intentionally waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest they may have under the Sales Agreements in favor of the lien or charge on the project of the security interest of the Seller's lender or lenders. The purchasers also consent to Seller's assignment by way of security of Seller's interest in the Sales Agreements and purchasers' escrow deposits to the Seller's lender or lenders. The purchasers also irrevocably appoint the Managing Agent of the project to receive and accept service of process on behalf of the purchasers. The purchasers further undertake and agree to execute any further documentation or subordination agreement required by the Seller's lender or lenders to evidence such subordination and irrevocably appoint Seller as the purchasers' attorney-in-fact to execute any such instrument on behalf of purchasers, should purchasers fail or refuse to do so within ten (10) days after request is made or mailed.

7. Seller has made no representations with respect to the possibility or probability of rental or other income from the apartment or other economic benefits to be derived from the rental of the apartment, including but not limited to, any representations to the effect that Seller or the Managing Agent of the project or a third party will provide services relating to the rental or sale of the apartment or representations as to possible advantages from the rental of the apartment under federal, state or other tax laws. If purchaser wishes to rent the apartment to third persons, purchaser must make his own arrangements. Purchaser further agrees and acknowledges that in the event that the offer to sell and the purchase of the apartment or the activities of purchaser with respect to the apartment are determined to be or alleged to give rise to any violation of any federal or state securities laws or regulations, Seller may obtain an injunction from any court enjoining any acts of purchaser which are or may be or are alleged to give rise to any such violation of securities laws or regulations, and Seller may in addition pursue any other remedies and purchaser shall pay Seller's costs and attorneys' fees in connection therewith. In the event that the purchaser or anyone claiming by or through him or his apartment alleges that the offer to sell or the purchase of the apartment gives rise to any violation of federal or state securities or disclosure laws or regulations (including, but not limited to, the Horizontal Property Act), the purchaser covenants not to sue for any remedy other than to sue for a refund of the purchase price and closing costs actually paid, plus interest at the rate of 6% per annum from the date of final closing to the date of repayment. The purchaser agrees to absorb any additional charges incurred with respect to the apartment as the reasonable use value of the apartment. The terms of this paragraph shall survive the closing, occupancy, and delivery of the apartment deed to the purchaser.

8. Purchaser will pay all closing costs, including but not limited to, the entire escrow fee, all conveyance taxes, all notary fees, all appraisal fees, all filing and recording costs, all charges for purchaser's credit report, all costs for drafting of the apartment deed, any mortgages and notes and any assignments

thereof, all costs of any title insurance, and all costs of mailing, air courier and other delivery charges. All applicable mortgage costs shall be paid by purchaser, and purchaser shall pay the non-refundable start-up fee for commencement of the operations of the project by the Managing Agent and the Association of Apartment Owners. Real property taxes, maintenance charges and other common expenses and other prorations shall be made, and risk of loss shall transfer from Seller to purchaser, on the scheduled Closing Date as defined in the specimen Sales Agreements. Purchaser shall complete all actions and execute all documents required for closing within five (5) days after receiving written notice to pre-close. Pre-closing may commence at any time after thirty (30) days after the effective date of the Sales Agreement.

9. Purchaser acknowledges and agrees that purchaser shall not have any right to assign the Sales Agreement or his rights thereunder without the prior written consent of Seller and any such assignment of the Sales Agreement or rights thereunder without such written consent of Seller or which violates any law shall be void and will not be recognized by Seller. Seller shall not be required to consent to any assignment unless certain conditions set forth in the Sales Agreement are satisfied and Seller shall not be required to consent to any assignment by purchaser, and no assignment shall be made by purchaser, of the Sales Agreement or any rights of purchaser thereunder at any time after one hundred twenty (120) days prior to the scheduled Closing Date (as defined in the Sales Agreement) originally determined by Seller (whether or not the scheduled Closing Date is subsequently postponed by Seller as provided in the Sales Agreement), and any such assignment shall be void and will not be recognized by Seller. No assignment by purchaser of the Sales Agreement or any rights of purchaser thereunder, whether or not consented to by Seller, shall in any way release purchaser of any liability or obligation to Seller under the terms of the Sales Agreement and purchaser shall remain liable and obligated to Seller thereunder after any such assignment, whether or not consented to by Seller.

10. Purchaser acknowledges receipt of notice that:

(a) Seller may be offering to sell the property covered by the Sales Agreement at a time when Seller's only interest in the land on which the project is or will be constructed is the Developer's interest under the Development Agreement hereinabove described, as amended by the Amendment of Development Agreement hereinabove described. Purchaser understands, however, that under said Development Agreement, as amended by said Amendment of Development Agreement, Seller has the right to develop the project and to either cause the Owner to execute and deliver apartment deeds to purchasers of apartments in the project or to acquire the land from the Owner and itself execute and deliver apartment deeds to such purchasers.

(b) Seller and Owner are affiliated corporations through a common parent corporation which owns or controls either directly or through another subsidiary corporation all of the capital stock of both Seller and Owner.

(c) The land on which the project is or will be constructed, the improvements now or hereafter constructed thereon and the project is or may be encumbered, until the final closing and delivery by Owner or Seller of an apartment deed to purchaser, by certain mortgages made by the Owner to secure notes of the Owner issued for the purpose of financing the acquisition of the land by the Owner. Purchaser understands, however, that the Owner will repay all of said notes and obtain releases of all of said mortgages prior to the final closing and delivery by Owner or Seller of an apartment deed to purchaser.

(d) The project is or will be serviced with water, electricity, sanitary sewer and telephone utilities and cablevision and access to the project to and from a public highway (Kuhio Highway) is or will be obtained over non-exclusive easements across a private road owned by a third party or parties which may be required to be relocated from time to time by such third party owners. Water utility service is or will be provided through a privately owned 8-inch water pipeline under the private road and certain adjacent lands. Sanitary sewer service is or will be provided by the Kauai County Public Improvement Corporation, which is a private utility company, pursuant to an agreement requiring the payment by apartment owners of monthly operating charges for each apartment in the project which will be subject to change at any time upon thirty (30) days' prior notice. The project is not and will not be serviced with gas or any other utility service other than water, electricity, sanitary sewer and telephone utilities and cablevision. The third party owners of the private road and adjacent lands have or may have the right to require the relocation from time to time of the road, the water pipeline and other utility easements servicing the project which cross over or under the road and adjacent lands, at the expense of the Association of Apartment Owners of the project.

(e) Seller is in the process of negotiating an agreement or has entered into an agreement with the third party owners of the aforesaid private road and adjacent lands pursuant to which a portion of said road, a portion of the aforesaid water pipeline and other utility easements which cross over or under said road and adjacent lands, and portions of the non-exclusive easements related thereto, presently will be relocated, at the joint expense of Seller and said third party owners.

(f) The project contains or will contain both residential apartments, which may be occupied and used for permanent or temporary residential purposes, for transient vacation rental and hotel purposes or as time share or sharing units pursuant to any time share or sharing plan or other joint ownership or time interval plan or program as shall be permitted by law, and a commercial apartment, which may be operated and used as a restaurant and bar, and/or retail or other commercial shop or store.

(g) Seller intends to sell or has sold a substantial number of the residential apartments as time share or sharing units pursuant to a time share or sharing plan or program. The use periods or time intervals sold or to be sold in connection with each such apartment are or will be for periods of thirty (30) days or longer.

(h) Seller intends to retain the commercial apartment and to lease the same for commercial use or uses but it is possible that Seller may decide to sell the commercial apartment to a third party purchaser.

(i) In order to develop the project, Seller will be required by the Kauai County Planning Commission to dedicate or cause to be dedicated a public accessway to and along the beach over portions of the project and a public parking area with parking stalls on the project. Seller expects that either easements will be required to be granted or portions of the project will be required to be conveyed in fee simple to satisfy these requirements. Maintenance and repair of such public accessway and public parking area and parking stalls may also be required, at the expense of the Association of Apartment Owners of the project.

Purchaser expressly consents to and approves of each of the foregoing matters and expressly assumes any and all risks in connection with each of the foregoing matters.

It is incumbent upon purchasers and prospective purchasers that they read with care the specimen Sales Agreement which applies in the case of each of the respective purchasers and prospective purchasers and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the apartments and any sums received from any source are placed in trust and how the funds shall be retained, disbursed and/or refunded.

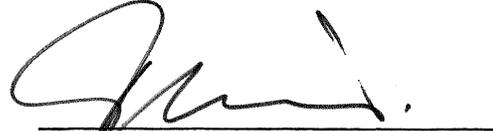
MANAGEMENT AND OPERATION: The proposed By-Laws of the Association of Apartment Owners provide that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible corporate Managing Agent. The Managing Agent shall be appointed by the Board of Directors (on behalf of the Association) in accordance with the By-Laws, except that the Managing Agent for the initial period following the date of the organization of the Association of Apartment Owners may be appointed by the Developer without necessity of approval by the Association. The Developer has submitted documents indicating that the initial Managing Agent will be Hawaiiana Management Company, Ltd., a Hawaii corporation, whose principal place of business and mailing address is Suite 400, 1860 Ala Moana Boulevard, Honolulu, Hawaii 96813 (Telephone (808) 955-0744).

STATUS OF THE PROJECT: The Developer is currently in the process of selecting a contractor to construct the project and is also currently in the process of obtaining an interim construction loan to finance such construction.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the Notice of Intention filed on June 26, 1981, and information subsequently filed as of August 5, 1981.

The PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 1441 filed with the Commission on June 26, 1981.

This report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles must be in yellow.



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

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Registration No. 1441

Date: August 7, 1981