



REAL ESTATE COMMISSION  
STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

THE MAKAI CLUB COTTAGES AT PRINCEVILLE  
Lei O Papa Road  
Princeville, Kauai, Hawaii

Registration No. 1829 (conversion)

Issued: March 6, 1987  
Expires: April 6, 1988

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of February 27, 19 87 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:**  
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:**  
(white) The developer has legally created a condominium and has filed complete information with the Commission.
  - Supersedes all prior public reports
  - Must be read together with \_\_\_\_\_
- SUPPLEMENTARY:**  
(pink) Updates information contained in the
  - Prelim. Public Report dated \_\_\_\_\_
  - Final Public Report dated \_\_\_\_\_
  - Supp. Public Report dated \_\_\_\_\_
- And  Supersedes all prior public reports
- Must be read together with \_\_\_\_\_
- This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required                     Not Required -- disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

Not Applicable. This Final Condominium Public Report is the first report on this project.

## TABLE OF CONTENTS

	page
Report Purpose .....	1
Type of Report .....	1
Summary of Changes from Earlier Public Reports. ....	2
Table of Contents .....	3
General Information on Condominiums .....	4
Summary of the Condominium Project. ....	5
I. PEOPLE CONNECTED WITH THE PROJECT .....	6
Developer .....	
Real Estate Sales Agent .....	
Escrow Company .....	
Managing Agent .....	
Attorney for Developer .....	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS .....	7
A. Declaration .....	7
B. Condominium Map (File Plan) .....	7
C. Bylaws. ....	7
D. House Rules .....	8
E. Changes to Condominium Documents. ....	8
III. THE CONDOMINIUM PROJECT .....	9
A. Interest to be Conveyed to Buyer .....	9
B. Underlying Land .....	10
C. Buildings and Other Improvements .....	10
D. Common Elements, Limited Common Elements, Common Interest .....	14
E. Encumbrances Against Title .....	15
F. Management of the Common Elements. ....	15
G. Maintenance Fees .....	16
H. Utility Charges .....	16
I. Construction Warranties .....	16
J. Status of Construction .....	17
K. Project Phases .....	17
L. Sales Documents Filed with the Real Estate Commission .....	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE .....	18
Buyer's Right to Cancel Sales Contract .....	19
Signature of Real Estate Commission Chairman .....	20
EXHIBIT A: Apartment Description	
EXHIBIT B: Common Elements	
EXHIBIT C: Encumbrances Against Title	
EXHIBIT D: Estimate of Initial Maintenance Fees & Est. of Maintenance Fee Disbursements	
EXHIBIT E: Developer's Reserved Rights	
EXHIBIT F: Summary of Sales Contract and Escrow Agreement	
EXHIBIT G: Alteration of Apartment	
EXHIBIT H:	
EXHIBIT I:	
EXHIBIT J:	

## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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

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

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

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

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

Some condominium projects are leasehold. This means that the land or the land, building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

### Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

**SUMMARY OF THE CONDOMINIUM PROJECT**

(cite to appropriate pages  
in text of report)

Interest to be Conveyed to Buyer:

A fee simple interest in an apartment and in that apartment's common interests in the common elements will be deeded to each buyer.

Type of Project:

- 1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
- 2.  Residential  Commercial  
 Mixed Residential and Commercial  
 Other \_\_\_\_\_
- 3.  High Rise (5 stories or more)  Low Rise
- 4.  Single or  Multiple Buildings
- 5. Apartment Description See Exhibit A

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 17

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

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

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>0</u>
Guest Stalls	<u>0</u>
Unassigned Stalls	<u>33</u>
Extra Stalls Available for Purchase	<u>0</u>
Other: _____	<u>0</u>
<b>Total Parking Stalls</b>	<u>33</u>

7. Recreational amenities: There are no amenities that are a part of the Condominium.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Princeville Development Corporation Phone: (808) 826-3592  
Name P.O. Box 3040 (Business)  
Business Address Princeville, Kauai, HI 96722

Names of officers or general partners of developers who are corporations or partnerships:

Harry A. Trueblood, Jr., Chief Executive Officer; John R. Hold, Treasurer & Ass't Secretary; Walter W. Challenger, Vice President & Secretary;  
Thomas W. Giles, Vice President, Real Estate Operations; Julie Underdahl, Assistant Secretary

Real Estate Sales Agent: Princeville Management Corporation Phone: (808) 826-3040  
Name P.O. Box 3040 (Business)  
Business Address Princeville, Kauai, HI 96722

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211  
Name 235 Queen Street (Business)  
Business Address Honolulu, Hawaii 96813

Managing Agent: Princeville Management Corporation\* Phone: (808) 826-3040  
Name P.O. Box 3040 (Business)  
Business Address Princeville, Kauai, HI 96722

Attorney for Developer: Robert E. Warner, Attorney at Law, A Law Corporation  
Name Suite 1190, Pacific Tower, 1001 Bishop Street  
Business Address Honolulu, Hawaii 96813

\*Princeville Management Corporation's application as a Managing Agent is now pending with the Department of Commerce and Consumer Affairs. Princeville Management Corporation must comply with all the requirements of 514A, Hawaii Revised Statutes, as amended, before any fees or charges are collected for the common element of the project.

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

- Proposed  
 Recorded – Bureau of Conveyances – Book 2023 Page 574  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

- Proposed  
 Recorded – Bureau of Conveyance Condo Map No. 1046  
 Filed – Land Court Condo Map No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed  
 Recorded – Bureau of Conveyances – Book 20323 Page 598  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed       Adopted

Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

\*\*See below

1. **Apartment Owners:** Minimum percentage of apartment owners who must vote for or give written consent to changes:

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

\*\*The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

See Exhibit E

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

\*\*In certain circumstances, the Declaration, Condo Map and By-Laws may be changed by the Developer acting alone, and certain provisions of these documents may not be changed, even by 100% of the apartment owners, without the consent of the Developer.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the underlying land will be in fee simple.

N/A  Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_  
Rent Renegotiation Date(s) \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month  Year.

N/A  Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners - tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_  
Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month  Year.

N/A  Other:

N/A For Subleaseholds:

Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is  
 Cancelled  Foreclosed.

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

**B. Underlying Land:**

Address: Lei O Papa Road, Princeville, Kauai Tax Map Key: 05-04-06:9  
(TMK)

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 3.557  square feet  acre(s) Zoning: R-15

Fee Owner: Princeville Development Corporation  
name  
P.O. Box 3040  
address  
Princeville, Kauai, HI 96722

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

**C. Buildings and Other Improvements:**

1.  New Building(s)  Conversion of Existing Building(s)  
 Both New Building(s) and Conversion

2. Buildings: 17 Floors Per Building: single story  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

- Concrete  Hollow Tile  Wood  
 Other \_\_\_\_\_

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	_____	<input type="checkbox"/> Agricultural	_____
<input checked="" type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input checked="" type="checkbox"/> Other: <u>Developer reserves the right to conduct</u> <u>extensive sales activities on the Condominium, and has other</u> <u>special rights. (See Exhibit E).</u>	_____		_____

5. Special Use Restrictions:

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

Pets: No pets are allowed.

Number of Occupants: \_\_\_\_\_

Other: See Condominium Declaration and By-Laws generally, specifically Article V of the By-Laws

There are no special use restrictions. Timesharing and transient vacations rentals permitted in project.

6. Interior (fill in appropriate numbers):

Total Apartments 17

Elevators None      Stairways None      Trash Chutes None

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
_____	_____	_____	<u>See Exhibit A</u>	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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

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

Boundaries of Each Apartment: Each apartment is a separate free standing building and includes all of the improvements that are part of each such building, including without limitation all foundations, supports, floors, roofs, chimneys, porches, lanais, decks and all other exteriors and interiors, including all exterior and interior walls, steps, doors and windows.

Permitted Alterations to Apartments: See Exhibit G

7. Parking Stalls:

Total Parking Stalls: 33

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned Extra Available for Purchase	_____	<u>33</u>	_____	_____	_____	_____	<u>33</u>
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>33</u>	_____	_____	_____	_____	_____	_____

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

N/A [ ] Commercial parking garage permitted in condominium project.

N/A [ ] Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ X ] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Storage Area

[ ] Recreation Area

[ ] Laundry Area

[ ] Tennis Court

[ ] Trash Chute

[ ] Other: \_\_\_\_\_  
\_\_\_\_\_

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

- a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations The Architect has certified that structural components and mechanical and electrical installations should be satisfactory.

- b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

The Building Division of the Department of Public Works for the County of Kauai has issued a Certificate of Inspection dated 12/10/86 stating that as of that date The Makai Club Cottages were found to be in accordance with the Building Code of the County of Kauai.

10. Conformance to Present Zoning Code

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

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

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

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

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

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

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

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit  B  describes the common elements.

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

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit \_\_\_\_\_

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit \_\_\_\_\_ describes the common interests for each apartment.

as follows: Each apartment will have that undivided percentage interest as equals one-seventeenth (1/17th), which is subject to change as stated in Exhibit E.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit  C  describes the encumbrances against the title contained in the title report dated  February 6, 1987 .

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[ X ] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	Buyer's interest under a Sales Contract is subordinate to the interests of the holder of the Mortgage. Among other things, this means that if the Developer defaults, the holder may take over the property so that the buyer would lose his or her rights and claims to the apartment. If this happens, the buyer would get his or her money back from Escrow. Before the apartment is conveyed to the Buyer, it must be free from the Mortgage.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

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

The initial managing agent for this condominium is:

[ ] not affiliated with the Developer.

[ X ] the Developer or the Developer's affiliate.

[ ] other \_\_\_\_\_

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

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

Exhibit   D   contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

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

- |                                                                             |                                                      |
|-----------------------------------------------------------------------------|------------------------------------------------------|
| <input checked="" type="checkbox"/> Electricity                             | <input checked="" type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas                                                | <input checked="" type="checkbox"/> Water & Sewer    |
| <input checked="" type="checkbox"/> Other <u>Telephone, Refuse Disposal</u> |                                                      |

I. Construction Warranties:

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

1. **Building and Other Improvements:** The Developer is selling interests in the Condominium "As Is". THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY APARTMENT, OR ANY FURNITURE, FURNISHINGS OR APPLIANCES, OR THE CONDOMINIUM, INCLUDING BUT NOT LIMITED TO NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY, OR WORKMANLIKE CONSTRUCTION, OR SUFFICIENCY OF DESIGN, NOR ANY OTHER WARRANTY. ADDITIONALLY, IN NO CIRCUMSTANCES SHALL THE DEVELOPER HAVE ANY LIABILITY FOR INJURY, DEATH, PROPERTY DAMAGE OR ANY OTHER CONSEQUENTIAL DAMAGES WHATSOEVER THAT IN ANY WAY MAY BE CAUSED BY ANY DEFECT IN THE CONDOMINIUM, OR ANY APARTMENT OR FURNITURE, FURNISHINGS OR APPLIANCES.
2. **Appliances:**  
Same as 1 above.

J. Status of Construction and Estimated Completion Date: The Project was completed in approximately December, 1975.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

see Exhibit F.

L. Sales Documents Filed with the Real Estate Commission:

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

N/A  Notice to Owner Occupants

Specimen Sales Contract

Exhibit F contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated December 16, 1986

Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

Other Specimen Apartment Deed

**IV. ADDITIONAL INFORMATION NOT COVERED ABOVE**

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

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

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

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

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

D. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

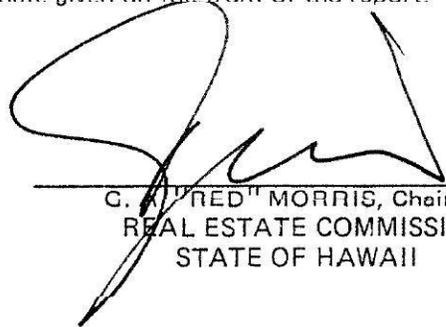
This Public Report is a part of Registration No. 1829 filed with the Real Estate Commission on February 20, 1987.

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

yellow paper stock                       white paper stock                       pink paper stock

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

Supplementary Public Reports expire on the expiration date given on the front of the report.



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

Distribution:

Bureau of Conveyances  
Department of Finance, County of Kauai  
Planning Department, County of Kauai  
Federal Housing Administration  
Escrow Agent

EXHIBIT A

APARTMENT DESCRIPTION

The Condominium contain seventeen (17) two (2) bedroom, two (2) bath apartment units, each of which is a separate free standing wood framed building, without basement. The apartments are numbered: 202, 203 and 204; 301, 302, 303, 304 and 305; 401, 402, 403 and 404; and 501, 502, 503, 504 and 505; and are located on the site as indicated on the Condominium Map. Each building is built principally of wood and allied building materials. There are 33 uncovered parking stalls. Parking stalls will be unassigned.

Each of the apartments contains a living room with fireplace, a kitchen, a dining room, two bedrooms each with an adjoining dressing room and bathroom, and entry and entry porch or porches. Most units also have a deck or two decks in addition to the entry porch. The exact configuration, floor plan, and number and location of the porches or porches and deck or decks for each unit is as shown on the Condominium Map. Each apartment has direct access to the grounds.

Each apartment includes: carpeting, except in the kitchen and bathrooms which are vinyl, drapes, refrigerator, range with hood and oven, garbage disposal, dishwasher, hot water heater, washer and dryer.

The net living area of each apartment, computed in accordance with Rule 16-107-6 of the Rules Relating to Horizontal Property Regimes promulgated by the Real Estate Commission, plus the area of the deck or decks (excluding the entry porch or porches) are as follows:

<u>Apt. No.</u>	<u>Net Living Area</u>	<u>Deck or Decks and Their Areas</u>
202	1479	(1) 197
203	1540	(1) 136
204	1479	(1) 77
301	1471	(1) 315
302	1479	(1) 96
303	1471	(1) NONE
304	1479	(2) 246
305	1471	(1) 303
401	1540	(2) 200
402	1442	(1) 67
403	1540	(2) 268
404	1471	(1) 303
501	1480	(1) 92
502	1480	(1) 152
503	1471	(1) 303
504	1523	(1) 143
505	1442	(1) 312

EXHIBIT B

COMMON ELEMENTS

The common elements will include all portions of the land and improvements, other than the apartments, and specifically include:

1. The Land in fee simple.
2. All yards, grounds, landscaping, roadways and parking areas.
3. All installations for power, light, water, sewer, gas and telephone, and other utilities actually installed (including all pipes, plumbing, wires, conduits or other utility or service lines) which are utilized by or serve more than one apartment, including those which run through any apartment.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

1. For any taxes that are due and owing, reference is made to the Office of the Finance Director, County of Kauai.
2. Existing Easement "D-1" (10 feet wide) for surface drainage purposes, as shown on survey map prepared by Wesley M. Thomas, Surveyor, dated May 23, 1980 (revised).
3. Easement "E-2" (10 feet wide) for electrical purposes, as shown on survey map prepared by said Wesley M. Thomas, dated May 23, 1980 (revised).
4. Access Easement "R-1" (18 feet wide, area 7,062 square feet), as shown on the tax maps.
5. Easement "S-1" (area 1,509 square feet), for sewer line purposes, as shown on survey map prepared by said Wesley M. Thomas, dated May 23, 1980 (revised).
6. Easement "W-2" (area 248 square feet) for water line purposes, as shown on survey map prepared by said Wesley M. Thomas, dated May 23, 1980 (revised).
7. Easement "P-1" (area 2,054 square feet) for parking purposes, as shown on survey map prepared by said Wesley M. Thomas, dated May 23, 1980 (revised).
8. Restrictions, reservations, covenants, conditions and provisions contained in Declaration dated March 1, 1971, recorded in Liber 7444 at Page 93. Said Declaration was amended by instrument dated May 16, 1985, recorded in Liber 18662 at Page 485.

9. MORTGAGE AND FINANCING STATEMENT

MORTGAGOR: EAGLE COUNTY DEVELOPMENT CORPORATION, a Colorado corporation

MORTGAGEE: The Trustees of MORTGAGE TRUST OF AMERICA, a California trust

DATED: April 21, 1972

RECORDED: Liber 8274 Page 148

AMOUNT: \$1,160,000.00 - covers the land described herein, besides other land

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED: December 1, 1972  
RECORDED: Liber 8842 Page 311

ABOVE MORTGAGE (AS AMENDED) ASSIGNED

TO: ANCHOR SAVINGS BANK, a corporation formed  
under the laws of the State of New York

DATED: December 18, 1972  
RECORDED: Liber 8842 Page 320

10. Declaration of Horizontal Property Regime for The Makai Club Cottages at Princeville, By-Laws and Condominium Map, recorded on January 20, 1987, in Liber 12310, Page 467, Liber 2023, Page 598, and as File Plan No. 1046, respectively.
11. Restrictions, reservations, covenants, conditions and provisions contained in Declaration of Covenants, Conditions and Restrictions for The Makai Club Cottages Interval Ownership Program dated January 27, 1987, and in the By-Laws attached thereto, recorded in Liber 12310, Page 467.

EXHIBIT  D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
Each Unit	\$560.00	\$6,720.00

[ ] Revised on \_\_\_\_\_

---

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly</u> x 12 months =	<u>Yearly Total</u>
Accounting and Legal	200	2,400
Management Fees	150	1,800
Insurance	650	7,800
Grounds Maintenance	3,230	38,760
Refuse Service	130	1,560
Repair & Maintenance - Building	750	9,000
Electricity	2,500	30,000
Water/Sewer	450	5,400
Community Association Dues	<u>205</u>	<u>2,460</u>
	8,265	99,180
Paint, Roof & Road Reserve	<u>1,255</u>	<u>15,060</u>
TOTAL	<u>9,520</u>	<u>114,240</u>

I/We, PRINCEVILLE MANAGEMENT CORPORATION, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

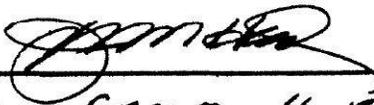
  
Date: February 16, 1987

EXHIBIT E

DEVELOPER'S RESERVED RIGHTS

In addition to the rights that the Developer has reserved to conduct extensive sales activities on the Condominium, the Developer has reserved these rights:

1. The Developer has the right to add lands and apartments to the Condominium as follows: On each of 3 parcels adjoining the land upon which the Condominium is located, there is one separate cottage built about the same time as the Apartments in the Condominium which is substantially identical to the Apartments. At any one or more times prior to December 31, 1996, the Developer has the right to expand the Condominium to include one or more or all of these adjoining lands and the cottages thereon, and to amend the Condominium Declaration and Condominium Map accordingly, as well as each and every prior instrument of conveyance of each and every apartment in the Condominium to conform the same to the Condominium Declaration as so amended, including without limitation to state the reduced common interest appurtenant to each and every such apartment. The common interest for each apartment would change so that it is the percentage that equals the fraction whose numerator is 1 and whose denominator is equal to the number of apartments then in the Condominium. Thus, by way of illustration, if one apartment were added, the common interest for each apartment would be that percentage which equals one eighteenth (1/18th).

2. The Developer has the right to consolidate and resubdivide as follows: Some of the apartments now in the Condominium may encroach upon, or violate setback requirements by being too close to, the boundary of adjoining land. The Developer reserves the right until December 31, 1996 to consolidate the land with the adjoining land and to resubdivide both properties in such a manner so that any such encroachment or setback violation shall be cured. To effect such consolidation and resubdivision, the Developer shall also have the rights to make such filings with the County of Kauai and the Bureau of Conveyances as may be necessary or appropriate, to amend the Condominium Declaration and the Condominium Map to state the revised description of land upon such consolidation and resubdivision, and to do all such other acts and things as may be necessary or appropriate.

Each and every Owner and every other person or entity acquiring any interest in the Condominium or any apartments therein, by such acquisition consents to the reserved rights of the Developer; and further consents to each such expansion, to such consolidation and resubdivision, and to each such amendment or amendments of the Condominium Declaration and Condominium Map and prior instruments of conveyancing; and agrees to execute such documents and to do such other things as may be necessary or convenient to effect the same, and appoints the Developer, with right of substitution, as his or her attorney in fact to execute such documents and do such things on his or her behalf, which grant of such power being coupled with an interest, is irrevocable until December 31, 1996 and as such shall not be affected by disability or death of any such party.

EXHIBIT F

SUMMARY OF SALES CONTRACT AND ESCROW AGREEMENT

Copies of the specimen Apartment Sales Contract, Apartment Deed and executed Escrow Agreement have been submitted as part of the registration. On examination, these documents are found to comply with the Condominium Act. Specifically, but without limitation, they comply with Section 514A-40(6) and Sections 514A-62, 514A-63 and 514A-65. The Escrow Agreement is dated February 17, 1987 and identifies Title Guaranty Escrow Services, Inc. as the Escrow Agent for the handling of purchase money for apartment sales.

It is incumbent upon the purchaser and prospective purchaser that he or she read with care these documents. The Escrow Agreement establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of this trust fund. The specimen Sales Contract also determines the time for and the amount of payments on the purchase price, and for the payment for all closing costs which are the buyer's obligations.

These documents also provide, in effect, that a buyer shall be entitled to a refund of his or her funds, and Escrow shall pay such funds to a buyer, if:

(a) Escrow receives a written request from Developer to return to buyer the funds of such buyer then held by Escrow; or

(b) If the buyer exercises his or her right to cancel prior to the earlier of (1) the conveyance of the apartment to buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of the final public report, provided however, that the buyer has not previously waived his or her right to cancel; or

(c) Except for any addition, deletions, or modifications resulting from the merger or the Condominium and consolidation and resubdivision of the land on which the Condominium is located as provided for in the Condominium Declaration, the Sales Contract, and Apartment Deed, the buyer shall have the right to rescind the Sales Contract if there is a material change in the Condominium which directly, substantially and adversely affects the use of value of (1) such buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Condominium available for such buyer's use,

unless the buyer has waived his or her rights of rescission or deemed to have waived such rights.

By signing a Sales Contract, each buyer, among other things, will: (1) warrant that he or she has the ability to pay the purchase price for the apartment either from his or her own funds and/or the proceeds of a loan that the buyer promises he or she can obtain and that obtaining such a loan is the buyer's sole responsibility, even if the Developer has made arrangements with a lender generally to provide financing; and (2) acknowledge, consent and agree that all existing mortgage liens and other security will be and remain at all times a lien or charge on the Condominium prior to and superior to any and all liens or charges arising from the Sales Contract or any other sale and/or reservation agreement with the buyer. In addition, among other things, the specimen Sales Contract contains provisions which: (3) permit the Developer to keep the buyer's payment deposits under certain circumstances if the Developer cancels a contract due to buyer's default; (4) provide the right for the Developer to change the Condominium Documents; (5) provide that all interest earned on buyer's funds will belong to the Seller; (6) states that the buyer will not receive any warranties; (7) limit assignment of the Sales Contract; and (8) cover many other important matters that are not described in this Report.

By signing a Sales Contract and an Apartment Deed, each Buyer, among other things, also will consent and agree to the addition of other lands and apartments to this Condominium and to a consolidation and resubdivision of the land on which the Condominium is located as discussed above in Section K. Project Phases and in Exhibit E, Developer's Reserved Rights, and at the Developer's request, to execute additional documents and to do such other things necessary or convenient therefor. Buyer also will appoint the Developer as the Buyer's attorney-in-fact to execute such documents and do such other things.

Apartment unit purchasers and prospective purchasers should read all provisions of the specimen Sales Contract and Apartment Deed and the Escrow Agreement with care.

[NOTE TO PURCHASERS AND PROSPECTIVE PURCHASERS OF INTERVAL OWNERSHIPS (TIME SHARE INTERESTS): Copies of the specimen Interval Ownership Deed and Escrow Agreement have also been submitted to the Commission, but only for examination with respect to compliance with the Condominium Act. These documents are found to comply with this Act and specifically with the sections mentioned earlier. THIS REPORT DOES NOT, HOWEVER, INCLUDE DISCLOSURES ABOUT INTERVAL OWNERSHIPS.]

EXHIBIT G  
ALTERATION OF APARTMENT

The By-Laws state that: No Owner of an apartment may make, except with the prior written permission of the Board, or in accordance with the Rules and Regulations, if applicable provisions are stated therein, any alteration, addition, repair or improvement (1) to his or her apartment which may affect the common elements or change the exterior appearance of the buildings, or (2) to any of the common elements including, without limitation, common or limited common elements within, encompassing or adjacent to his or her apartment.

Unless otherwise prohibited or conditioned by the provisions of the Condominium Declaration or By-Laws, or the Condominium Act, an Apartment Owner may make additions, alterations or improvements solely within his or her apartment or within a limited common element appurtenant to and for the exclusive use of his or her apartment at his or her sole cost and expense.

No Owner shall do any work to his or her Apartment which could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof, or impair any easement or hereditament, nor may any Owner add any material structure or excavate any additional basement or cellar, without in every such case the consent of seventy-five (75%) percent of the Owners being first obtained, together with the consent of all Owners whose apartments or limited common elements appurtenant thereto are directly affected. However, the installation of solar energy devices as defined by section 468B-1, Hawaii Revised Statutes, or material additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment shall require approval only by the Board. The Board shall not unreasonably withhold or delay its approval, and shall have the obligation to answer any written request by an Owner for its consent within thirty (30) days after its receipt of such a request describing the proposed alteration in reasonable detail.