

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer: MICHAEL E. MAYS

Address: P.O. Box 248, Kilauea, Hawaii 96754

Project Name(*): MAUKA LANI
Address: Kalihiwai, Hanalei, Kauai, Hawaii

Registration No. 2028

Effective date: June 17, 2004

Expiration date: July 17, 2005

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, in any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY: The developer may not as yet have created the condominium but has filed with the (yellow) Real Estate Commission minimal information sufficient for a Preliminary Public Report. A final Public Report will be issued by the developer when complete information is filed.
- FINAL: The developer has legally created a condominium and has filed complete information (white) with the Commission.
 No prior reports have been issued.
 This report supersedes all prior public reports.
 This report must be read together with
- SECOND
- SUPPLEMENTARY: This report updates information contained in the:
(pink) Preliminary Public Report dated: June 1, 1989.
 Final Public Report dated: September 6, 1991.
 Supplementary Public Report dated: December 10, 1997.
- And Supersedes all prior public reports
 Must be read together with _____
 This report reactivates the _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report As Exhibit "G" [] 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.

[] No prior reports have been issued by the developer.

[X] Changes made are as follows:

1. This report covers all Units in the Project. Previously the Supplement Final Public Report only covered Units B, C, D and E.
2. Pages 10, 11a, and 16 and Exhibits A and C were amended to reflect that Unit B has two additional buildings, a 64 square foot gazebo and a 275 square foot solar house and that Unit D constructed a 340 square foot addition to the greenhouse; a 160 square foot equipment building; and a 980 square foot addition to the barn (extended roof).
3. Page 6 was amended to reflect the execution and recording of a Second Amendment to Declaration of Condominium Property Regime and Condominium Map to reflect the additions to Units B and D as indicated in paragraph 2 above.
4. Page 10 was amended to reflect that Unit A was sold and is currently owned by Duane Carlson and Mary Lee Carlson, whose address is 4781-A Kahilihoho Road, Kilauea, HI 96754, Unit B was sold to David Garfinkle and Marla Garfinkle, whose address is 4781-B Kahilihoho Road, Kilauea, HI 96754, and Unit E was sold to Bernard K. W. and Jane E. Goo .
5. Page 10 was also amended to show the increase in the number of buildings from 9 to 11.
6. Page 5 and Exhibit G were amended to reflect that the Project no longer uses Douglas Pickels as its contractor or Oceanfront Realty as its Real Estate Broker.
7. Pages 10 and 20 were amended to include additional disclosures in re construction and use of farm dwellings.
8. Page 20 was amended to include additional disclosures in re selection of a Real Estate Broker.
9. Page 16 was amended to reflect the date of completion of the construction of the additional structures of Units B and D.
10. Page 11a and Exhibit C were amended to reference the additional structures built on Units B and D.
11. Exhibit B was replaced with a new Exhibit B.
12. Exhibit D was replaced with a new Exhibit D.
13. Exhibit F regarding encumbrances was updated.

SPECIAL NOTICE:

This report covers only Units C and D. Units A, B and E were sold under the original Public Report or Supplementary Reports. All improvements to the Project, including those on Units which were previously sold, are reflected in this Public Report.

This is a CONDOMINIUM PROJECT, not a subdivision. THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLINGS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING THE UNIT WITH THE EXISTING DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE RESIDENTIAL AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

There are presently NO RESIDENTIAL STRUCTURES on Unit A of the Project. The only building on this Unit is a shed, which may be defined as an "apartment" under the Condominium Property Act. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission or other agency, nor does it imply that all County codes, ordinances or other requirements have been complied with. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the location of the limited common element assigned to each unit. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

The Developer's Final Public Report expired on January 10, 1999. Pursuant to Section 16-107-19, Hawaii Administrative Rules, sales contracts executed during the period that the Public Report was not in effect may be rescinded at the option of the purchaser and all monies refunded to the purchaser. The purchaser's right to rescind under this rule shall be void thirty (30) calendar days after receipt of written notification of these rights from the Developer or his real estate agent.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the 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 owners/tenants) 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 at the lessee's expense. 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.

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 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 project's 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.

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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Michael E. Mays Phone: (808) 828-2146
P.O. Box 248
Kilauea, Hawaii 96754

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

**Real Estate
Broker*:** None selected
(See Exhibit "G")

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 826-5300
P. O. Box 223330
Princeville, HI 96722

**General
Contractor*:** None selected
(see Exhibit "G")

**Condominium
Managing Agent*:** Self managed by the Association
of Apartment Owners

**Attorney for
Developer:** Steven R. Lee, Esq. Phone: (808) 246-1101
4473 Pahe'e St., Suite L
Lihue, HI 96766

*For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

A. **Declaration of Condominium 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:

<input type="checkbox"/> Proposed		
<input checked="" type="checkbox"/> Recorded - Bureau of Conveyances:	Document No. <u>91-098349</u>	
	Book	Page
<input type="checkbox"/> Filed - Land Court:	Document No.	

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime dated October 31, 1997, recorded as Document No. 97-150831; and

Second Amendment to Declaration of Condominium Property Regime dated March 3, 2004, recorded as Document No. 2004-044005.

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:

<input type="checkbox"/> Proposed	
<input checked="" type="checkbox"/> Recorded - Bureau of Conveyances Condo Map No. <u>1531</u>	(see Exhibit "A")
<input type="checkbox"/> Filed - Land Court Condo Map No.	

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime dated October 31, 1997, recorded as Document No. 97-150831; and

Second Amendment to Declaration of Condominium Property Regime dated March 3, 2004, recorded as Document No. 2004-044005.

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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/> Proposed		
<input checked="" type="checkbox"/> Recorded - Bureau of Conveyances:	Document No. <u>91-098350</u>	
	Book	Page
<input type="checkbox"/> Filed - Land Court:	Document No.	

The Bylaws referred to above have been amended by the following instruments [state name of document, date 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 limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. 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.

1. **Apartment Owners:** Minimum percentage of common interests, which must vote for or give written consent to changes:

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

*The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/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 explanation regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled 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 canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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 at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit_____contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

<u>Address</u>	<u>Tax Map Key: (TMK)</u>
Unit A (no street number assigned) Kahiliholo Road	(4) 5-2-017-024
Unit B 4781-A Kahiliholo Road	(4) 5-2-017-064
Unit C 4771 Kahiliholo Road	(4) 5-2-017-065
Unit D 4741 Kahiliholo Road	(4) 5-2-017-066
Unit E 4751 Kahiliholo Road	(4) 5-2-017-067
Roadway Princeville, Hawaii 96722	(4) 5-2-017-068

Address TMK are expected to change because: Unit A may obtain its own street address

Land Area: 25.451 square feet acre(s) Zoning: Agricultural

Fee Owner:

Unit A:
Duane and Mary Lee Carlson
Hanalei Bay Resort, Room 5207/8
5380 Honoiki Road
Princeville, HI 96722

Unit B:
David and Maria Garfinkle
c/o IEA
1111 Lincoln Road
Miami, FL 33139

Unit C:
Michael E. Mays and Meredith S. Murphy
P.O. Box 248
Kilauea, HI 96754

Unit D:
Steven T. and Mary Gay Roush
P.O. Box 3539
Princeville, HI 96722

Unit E:
Bernard K.W. and Jane E. Goo
4732 Pelehu Road
Kapaa, HI 96746

Lessor: N/A

C. Buildings and Other Improvements:

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

- 2. Number of Buildings: 11 . Floors Per Building: The farm dwellings on Units B, C, and E and the barn on Unit D are two stories. All other structures are one story

Exhibit "C" contains further explanations.

- 3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other:

- 4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>4</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: Shed	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/ these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

NOTE: The subject property is within the State Land Use Agricultural District, and is zoned Agricultural by the County of Kauai. "Farm Dwellings" and other structures appropriate to agricultural usage are permitted, subject to certain guidelines. See the disclosure on Page 20 (Additional Information).

5. Special Use Restrictions:

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

- Pets: Dogs, cats and other typical household pets are permissible in reasonable numbers and reasonable conditions.
- Number of Occupants: No single-family residence shall be used for living purposes by more persons than the single family residence was designed to accommodate
- Other: Special use restrictions are as contained in the Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge, a summary of which is attached hereto as Exhibit "H".
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt.</u> <u>Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net</u> <u>Living Area (sf)*</u>	<u>Net</u> <u>Other Area (sf)</u>	<u>Identify</u>
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SEE PAGE 11a

Total number of Apartments: 5

***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.**

Boundaries of Each Apartment: Per the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed a part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required to disclose actual improvements as a matter of public record.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
A	1	0/0	0	64	storage shed
B	1	4/3	2,299	224	lanai
	1	0/0	0	454	garage
	1	0/0	0	792	deck
	1	0/0	0	1,104	office/garage
	1	0/0	0	275	solar house
	1	0/0	0	64	gazebo
C	1	2/3	2,291	597	lanai
	1	0/0	0	563	deck
	1	0/0	0	508	garage
	1	0/0	0	768	barn
D	1	3/2	1,850	504	garage
	1	0/0	0	60	entry
	1	0/0	0	109	deck
	1	0/1	0	3,939	barn
	1	0/0	0	6,340	greenhouse
	1	0/0	0	160	equipment building
E	1	3/2	2,302	681	lanai
	1	0/0	0	581	garage

Total number of Apartments: 5

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Boundaries of Each Apartment: Per the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed a part of the apartment, the same being deemed common elements.

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Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

Parking Stalls:

Total Parking Stalls: 8

	<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 each unit)	2	(except for Unit A which has none)					8
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	8		0		0	8	

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

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis court Trash Chute/Enclosure(s)
- Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

Pursuant to the Architect's Condition Report from Avery H. Youn, Licensed Professional Architect No. 3576, the expected useful life of the structural components, mechanical and electrical installations of the residential structure on Unit D was 25 years from the issuance of the Supplementary Public Report.

11. 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	X		
Structures	X		
Lot	X		

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 Interests:

1. Common Elements. Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in **Exhibit "E"**.

as follows:

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 use them, as described in the Declaration, are:

described in **Exhibit "E"**.

as follows:

3. **Common Interests:** Each apartment will have an undivided fractional interests in all of the common elements. This interest is called the "common interests." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in **Exhibit "C"**.

as follows:

- E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property on or your purchase and ownership of an apartment in the project.

Exhibit "F" describes the encumbrances against the title contained in the titles report dated May 21, 2004 (Units A, B, &E), and June 3, 2004 (Units C &D) and issued by Title Guaranty of Hawaii, Inc..

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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 (Units A, B, C, and E only).

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
MORTGAGE	LENDER HAS PRIORITY OVER A BUYER'S RIGHTS UNDER A SALES CONTRACT, AND HAS A RIGHT TO TERMINATE SALES CONTRACT UPON FORECLOSURE OF ITS MORTGAGE BEFORE AN APARTMENT SALE IS CLOSED. IN SUCH EVENT BUYER SHALL BE ENTITLED TO A REFUND OF ALL DEPOSITS, LESS ESCROW CANCELLATION FEES.

F. **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:

NONE

2. Appliances:

NONE

Status of Construction and Date of Completion or Estimated Completion Date:

The following are the completion dates for the structures listed

Unit A:	Shed	1991
Unit B:	Farm dwelling	1995
	Office/garage	1993
	Gazebo	2003
	Solar shed	2003
Unit C:	Farm dwelling	1992
	Barn	1991
Unit D:	Farm dwelling	1993
	Barn (and improvements)	1999
	Greenhouse (and improvements)	1999
	Equipment building	2003
Unit E:	Farm dwelling	1997

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit "B" contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated January 5, 1989.
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other: Specimen Apartment Deed

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales 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 or Supplementary Report to a Final Report: Sales made by the developer are binding if:

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all the documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other: Declaration of Protective Covenants, Conditions and Restrictions of Kalihiwai Ridge

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 2028 filed with the Real Estate Commission on January 30, 1989.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

Additional Information Not Covered Above

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially Exhibit H, a summary of the recorded restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, building type and materials, and possession of animals, and cultivation of crops. You should also conduct your own investigations and ascertain the validity of information provided.

It is anticipated that the initial improvements on Unit A will be replaced by or supplemented with a farm dwelling. The prospective purchaser shall have the right to build such farm dwelling at purchaser's expense. The purchaser shall also, in such event, file the "as built" certificate within thirty days of completion of the farm dwelling in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the farm dwelling. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the By-laws ("condominium documents"). In most cases a farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

Except as limited specifically by the Declaration of Condominium Property Regime and Bylaws ("condominium documents") and subdivision restrictive covenants, all uses permitted in the agricultural zone is permitted. Such uses include, but are not limited to, growing crops, raising animals, residential diversified agriculture, forestry, orchards, nurseries and wildlife management. A prospective purchaser should review Article 8.7 of the County of Kauai Comprehensive Zoning Ordinance ("CZO") for detailed information. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted under the CZO and the condominium documents.

This project is entitled to one guest house. The right to construct the guest house is Assigned to Unit A. The County of Kauai Planning Department requires, in order to process a building permit, authorization from at least 75% of the legal and equitable ownership in the entire project, consistent with the condominium documents. A prospective purchaser should review the Declaration of Condominium Property Regime to ascertain County of Kauai requirements regarding the guest house.

A buyer should understand that all development and use of the property shall be in compliance with County codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots and that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations.

Disclosure regarding selection of Real Estate Broker. Each of the Units has been conveyed to individual owners who are not currently listing the units for sale. In the event an owner chooses to sell his or her apartment, a real estate broker will be utilized and prior to entering into a binding contract for such sale the owner shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

MICHAEL E. MAYS
Printed Name of Developer

By: Michael E. Mays
Duly Authorized Signatory*

6-17-09
Date

MICHAEL E. MAYS, DEVELOPER
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

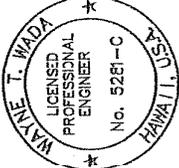
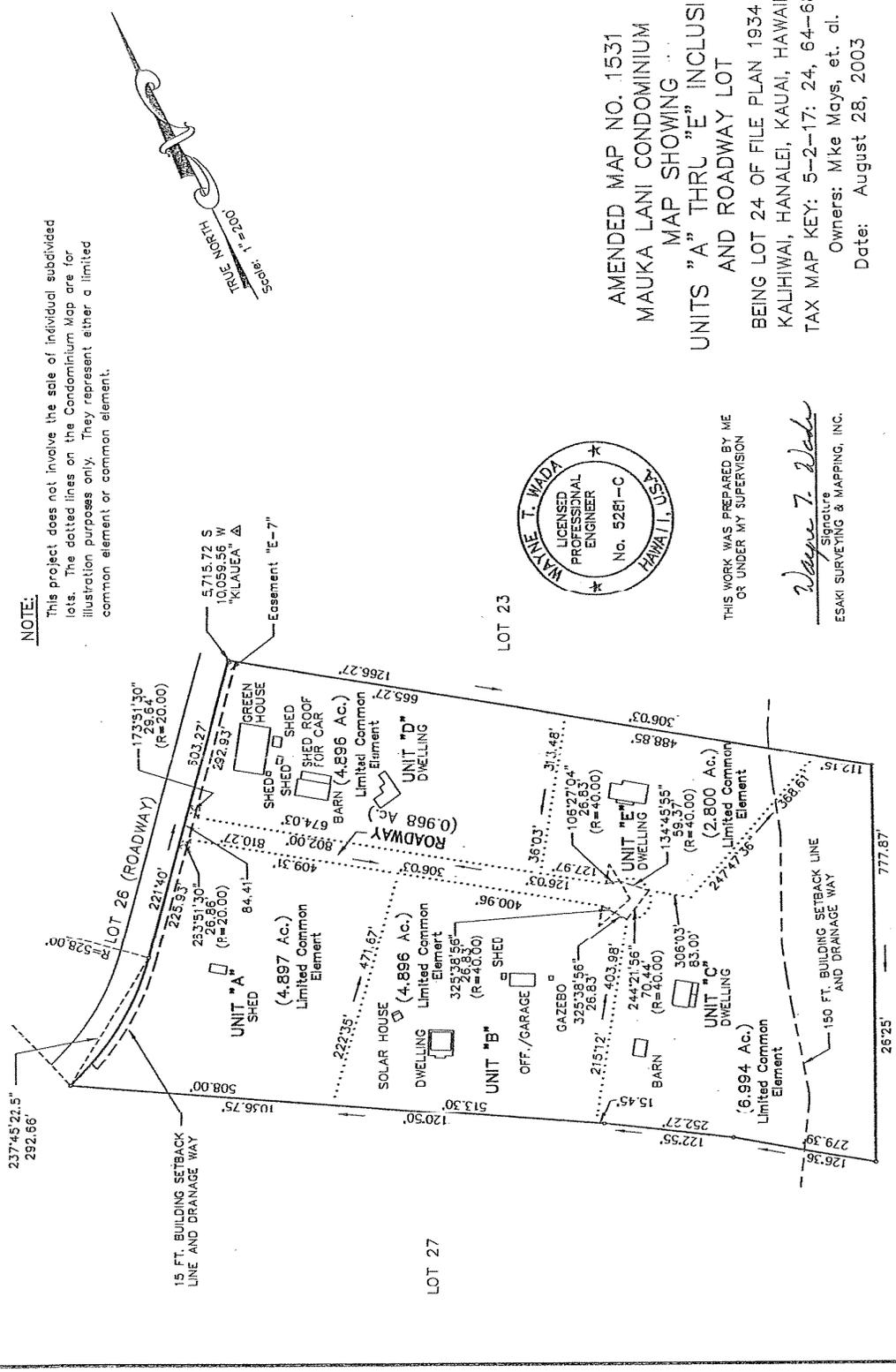
***Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner, Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

EXHIBIT "A"

AMENDED CONDOMINIUM MAP

NOTE:

This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.



THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION

Wayne T. Wada
Signature
ESAKI SURVEYING & MAPPING, INC.

AMENDED MAP NO. 1531
MAUKA LANI CONDOMINIUM
MAP SHOWING
UNITS "A" THRU "E" INCLUSIVE
AND ROADWAY LOT

BEING LOT 24 OF FILE PLAN 1934
KALIHIWAI, HANAIEI, KAUAI, HAWAII
TAX MAP KEY: 5-2-17: 24, 64-68
Owners: Mke Mays, et. al.
Date: August 28, 2003

EXHIBIT "B"

SUMMARY OF SALES CONTRACT

This Project Utilized a Condominium Addendum to Sales Contract (the "Addendum") to be utilized in conjunction with a standard printed form contract provided by the Hawaii Association of Realtors. The Addendum protects the rights of the Purchasers and the handling of the funds under the Condominium Property Act (the "Act"), as well as the insuring compliance with the Act by all parties. Relevant portions of the Addendum are summarized as follows:

1. The fact that the Act controls over any portion of a contract to sell a condominium unit.
2. That an effective date for a final or supplementary public report must be in place and a receipt for the same signed by the buyer to have an effective date.
3. That all purchaser funds must be held in escrow until the law allows closing and disbursement of the funds.

The conditions precedent to release of the funds are enumerated, including in part:

- (a) That Purchaser will receive a copy of the final public report for the project.
- (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
- (c) If there is a dual agency by a single broker, it will be disclosed in the contract.

SPECIAL NOTICE: THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL THE TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PURCHASER'S RIGHTS AND OBLIGATIONS, THE PURCHASER MUST REFER TO THE PURCHASER'S CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT "C"

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)		% of Common Int.
1	A	4.897	0/0	0	64	storage shed	20%
1	B	4.896	5/3	2,299	224	lanai	20%
					454	garage	
					792	deck	
			0/1	0	1,104	office/garage	
			0/0	0	275	solar house	
			0/0	0	64	gazebo	
1	C	6.994	2/3	2,291	597	lanai	20%
					563	deck	
					508	garage	
			0/0	0	768	barn	
1	D	4.896	3/2	1,850	504	garage	20%
					60	entry	
					109	deck	
			0/1	0	3,939	barn	
			0/0	0	6,340	greenhouse	
			0/0	0	160	equipment building	
1	E	2.800	3/2	2,302	681	lanai	20%
					581	garage	

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. There are five units, each of which will burden the common elements equally. Therefore, the assessment of the undivided interest both for common expense and for voting is 20% for each unit.

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use the unit, alter or add to it in any manner deemed desirable, so long as it is permitted by law, and the Declaration of Protective Covenants and House Rules, if any permit desirable, so long as it. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration of Condominium Property Regime together with their respective signatures.

*Note: Land areas referenced herein are not legally subdivided lots.

EXHIBIT "D"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and MICHAEL E. MAYS, MEREDITH S. MURPHY, HOLT L. BLANCHARD, EARL L. SIMPSON, FILOMENA BLANKENSHIP, STEVEN T. ROUSH, and MARY GAY ROUSH (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.
3. Escrow will release Buyer's funds and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until all requirements of Hawaii Revised Statutes have been met.
4. Escrow will return deposited sums to the Buyer without interest, if Seller and Buyer give Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of a Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affect the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his sales contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be mortgagees' cancellation fee and all other costs incurred in connection with the Escrow, but in the aggregate shall not be less than \$25.00.
5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT "E"

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) the land in fee simple;
- (b) The 0.968 acre roadway common element shown on the Amended Condominium Map;
- (c) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;
- (d) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units A, B, C, D and E are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
A	4.897 acres
B	4.896 acres
C	6.994 acres
D	4.896 acres
E	2.800 acres

*Land areas referenced herein are not legally subdivided lots.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For any and all Real Property Taxes that be due and owing reference is herby made to the Department of Finance for the County of Kauai.

Tax Key: (4) 5-2-017-024 C.P.R. No. 0001 Apt. No. A
-Covers Item I:-

Tax Key: (4) 5-2-017-024 C.P.R. No. 0002 Apt. No. B
-Covers Item II:-

Tax Key: (4) 5-2-017-024 C.P.R. No. 0003 Apt. No. C
-Covers Item III:-

Land Classification: AGRICULTURAL

Tax Key: (4) 5-2-017-024 C.P.R. No. 0004 Apt. No. D
-Covers Item IV:-

Tax Key: (4) 5-2-017-024 C.P.R. No. 0005 Apt. No. E
-Covers Item V:-

Land Classification: HOMESTEAD

Note: Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. A 150-foot building setback and drainage way as shown on File Plan No. 1934.
3. A 15-foot building setback and drainage way as shown on File Plan No. 1934.
4. Easement "E-7" (area 44 square feet) for electrical purposes, as shown on File Plan No. 1934.
5. AGREEMENT dated March 16, 1977, recorded in Liber 12110 at Page 330, by and between STATE OF HAWAII and C. BREWER AND COMPANY, LIMITED; re: use of the land described herein, besides other land, for agriculture purposes.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION

DATED : October 3, 1988

RECORDED : Liber 22452 Page 429

Said Declaration was amended by instrument dated July 5, 1990, recorded as Document No. 90-104733, and dated March 29, 1999, recorded as Document NO. 99-196189.

7. Unrecorded KALIHIWAI RIDGE ENVIRONMENTAL DESIGN RULES AND GUIDELINES PURSUANT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE dated October 12, 1988.
8. AGREEMENT TO INCORPORATE AGRICULTURAL RESTRICTIONS INTO INSTRUMENTS OF CONVEYANCE dated September 30, 1988, recorded in Liber 22452 at Page 491, between C. BREWER PROPERTIES, INC., a Hawaii corporation, and the COUNTY OF KAUAI PLANNING DEPARTMENT.
9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : November 1, 1988
RECORDED : Liber 22555 Page 521
10. FARM DWELLING AGREEMENT dated April 3, 1990, recorded as Document No. 90-069221 (re-recorded as Document Nos. 90-070741 and 91-144797), by and between the COUNTY OF KAUAI Planning Department.
11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "MAUKA LANI" CONDOMINIUM PROJECT

DATED : July 5, 1991
RECORDED : Document No. 91-098349
MAP : 1531 and any amendments thereto

Said Declaration was amended by instrument dated October 31, 1997, recorded as Document No. 97-150831 and by instrument dated February 6, 2004, recorded as Document No. 2004-044005.
12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : July 5, 1991
RECORDED : Document No. 91-098350

13. GRANT in favor of CITIZENS UTILITIES COMPANY, dated July 5, 1990, recorded as Document No. 90-151401; granting a perpetual nonexclusive easement to build, construct, reconstruct, rebuild, repair, maintain and operate electrical transformers and underground lines, etc., for the transmission and distribution of electricity, etc.

The interest of CITIZENS UTILITIES COMPANY, a Delaware corporation, has been assigned to KAUAI ISLAND UTILITY CO-OP, a Hawaii cooperative association, by instrument dated October 31, 2002 recorded as Document No. 2002-194848.

14. GRANT in favor of CITIZENS UTILITIES COMPANY, dated December 21, 1990, recorded as Document No. 92-035491; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc. for the transmission and distribution of electricity, etc.

The interest of CITIZENS UTILITIES COMPANY, a Delaware corporation, has been assigned to KAUAI ISLAND UTILITY CO-OP, a Hawaii cooperative association, by instrument dated October 31, 2002 recorded as Document No. 2002-194848.

15. **-AS TO ITEM I:-**

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 28, 1991, recorded as Document No. 91-151948.

(B) MORTGAGE

LOAN/ACCOUNT NO. 3045057-PERM

MORTGAGOR : DUANE CARLSON and MARY LEE CARLSON, husband and wife
MORTGAGEE : INDYMAC BANK FSB
DATED : January 9, 2004
RECORDED : Document No. 2004-009518
AMOUNT : \$577,000.00

16. **-AS TO ITEM II:-**

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 28, 1991, recorded as Document No. 91-151949.

(B) MORTGAGE

MORTGAGOR : DAVID GARFINKLE and MARLA GARFINKLE, husband and wife
MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., solely as a nominee for LEHMAN BROTHERS BANK FSB, a Federal Savings Bank
DATED : November 13, 2001
RECORDED : Document No. 2001-187102
AMOUNT : \$593,125.00

(C) MORTGAGE

LOAN/ACCOUNT NO. 90014640
MORTGAGOR : DAVID GARFINKLE and MARLA GARFINKLE, husband and wife
MORTGAGEE : BANK OF HAWAII, a Hawaii corporation
DATED : February 26, 2004
RECORDED : Document No. 2004-044331
AMOUNT : \$499,000.00

17. **-AS TO ITEM III:-**

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 28, 1991, recorded as Document No. 91-151950.

(B) MORTGAGE

LOAN/ACCOUNT NO. 9390665
MORTGAGOR : MICHAEL E. MAYS and MEREDITH S. MURPHY, husband and wife
MORTGAGEE : COUNTRYWIDE HOME LOANS, INC., a New York corporation
DATED : May 24, 1999
RECORDED : Document No. 99-087317
AMOUNT : \$190,000.00

(C) NOTICE OF DEDICATION

DATED : January 1, 2000
RECORDED : Document No. 2000-035262
BY : MICHAEL E. MAY and MEREDITH S. MURPHY
RE : dedication of land for agricultural purposes
PERIOD : 10 years

(D) MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

LOAN/ACCOUNT NO. 0002045225552209

MORTGAGOR : MICHAEL E. MAYS and MEREDITH S. MURPHY,
husband and wife

MORTGAGEE : COUNTRYWIDE HOME LOANS, INC., a New York
corporation

DATED : September 5, 2002
RECORDED : Document No. 2002-200988
AMOUNT : \$50,000.00

18. **-AS TO ITEM IV:-**

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 28, 1991, recorded as Document No. 91-151952.

(B) NOTICE OF DEDICATION

DATED : January 1, 2000
RECORDED : Document No. 2000 019138
BY : STEVEN T. ROUSH and MARY G. ROUSH
RE : dedication of land for agricultural
purposes
PERIOD : 10 years

(C) CORRECTION APARTMENT DEED, dated September 21, 1994, recorded as Document No. 94-162107.

19. **-AS TO ITEM V:-**

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 28, 1991, recorded as Document No. 91-151952.

(B) REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

LOAN/ACCOUNT NO. 1302389

MORTGAGOR : BERNARD K.W. GOO and JANE E. GOO, husband
and wife
MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS,
INC., solely as nominee for FIRST HAWAIIAN
BANK, a Hawaii corporation
DATED : September 20, 2001
RECORDED : Document No. 2001-151078
AMOUNT : \$263,000.00

(C) CORRECTION APARTMENT DEED, dated September 21, 1994,
recorded as Document No. 94-162107.

EXHIBIT "G"
AMENDED DISCLOSURE ABRSTRACT

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of MAUKA LANI condominium makes the following additional disclosures:

1. The president of the Association of Unit Owners ("AOAO") is Michael E. Mays, whose mailing address is P.O. Box 248, Kilauea, Hawaii 96754 and whose telephone number is (808) 828-2146.

2. The AOAO has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are also no current or projected annual maintenance fees as there are no depreciable common elements or common services in the Project, the only common facility is a concrete driveway, which requires no present or future maintenance. Maintenance fees will commence at such time that the AOAO decides to assess maintenance fees. Individual insurance is provided by each owner. Each owner shall obtain its own liability and casualty insurance, as required by law. Inability or failure of any unit owner to obtain such insurance shall requires the Association to obtain group insurance

3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition

4. All of the apartments of the project are to be used for agricultural and permitted residential purposes only. No apartments shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by county ordinance.

5. Since the previous Supplemental Final Public Report, the Listing Agreements previously submitted have expired and the unit owners have elected not to enter into new listing agreements. In the event an owner decides to sell his or her unit, said owner will select a broker and file an amended Disclosure Abstract and a Listing Agreement with the Real Estate Commission. The Amended Disclosure Abstract will also to be provided to all purchasers.

6. The Declaration and Condominium Map have been amended to identify additional structures built on Units B and D. Unit B has constructed an additional 64 square foot gazebo and 275 square foot solar house; and Unit D has constructed an additional 160 square foot equipment building, 340 square foot addition to the nursery and 1,280 square foot roof extension to the barn. (see Second Amendment to Declaration of Condominium Regime of MAUKA LANI and Amended Condominium Map No. 1531).


By: Michael E. Mays, President
MAUKA LANI AOAO

6-17-0
Date

EXHIBIT H

SUMMARY OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE

This Project is located on one of the lots of the Kalihiwai Ridge Subdivision. Lots in the subdivision are subject to a "Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge" (herein called the "Protective Covenants") dated October 3, 1988, recorded in the Bureau of Conveyances of the State of Hawaii on October 11, 1988 in Book 22452, Page 429.

This is a summary of the types of restrictions applicable to the subdivision as a whole, and to the Lot upon which this Project is located. This summary is not meant to completely recite the actual provisions of the Protective Covenants, nor to cover every issue in which a purchaser might have interest. A prospective purchaser is urged to obtain a full copy of the Protective Covenants from the Developer prior to entering into an agreement to purchase a unit in this Project.

ARTICLE II. CONTROL OF REAL PROPERTY USE.

Article II of the Protective Covenants has to do with the organization of the subdivision, including identifying the subdivision's developer and architects, the creation of an Association of Lot Owners, Bylaws, common area designations, Environmental Design Rules, limitation to single family residential and agricultural uses and explaining the underlying purpose controlling the use of the subdivision to enhance agricultural potential and orderly growth and development of the subdivision. Control of the subdivision by an architectural review committee includes control of structure siting, architectural style, agricultural development, drainage and landscaping. It is also necessary to receive environmental committee approval before any construction occurs.

ARTICLE III. THE ASSOCIATION.

This Article discusses the Lot Owner's Association, election of Boards of Directors, voting rights, notices regarding Association meetings and similar matters.

ARTICLE IV. CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION.

This Article deals with the right of the Association to govern the lots, enter onto lots to determine compliance with rules, and to manage and maintain Association property. It includes the right to incur expense on behalf of the Association and acquire and hold necessary personal property to perform its functions. Creator also has the power to implement rules and regulations to enhance the value of the property and prohibit noxious and offensive activities. Each owner is entitled to a copy of every rule and regulation passed. The Association also has the power to levy fines and collect them.

ARTICLE V. ASSESSMENTS.

Each lot owner, in this case the project itself, will be required to pay Association fees. Payment for such fees is contemplated in the Common Expenses to be assessed for the project. This Article also deals with the method of establishing a budget and assessments. Additional assessments may be made when the need arises.

ARTICLE VI. USE RIGHTS AND RESTRICTIONS.

No Lot owner will be allowed to engage in activities which would risk removal of liability insurance coverage, nor may they violate the law of the State of Hawaii or ordinances of the County of Kauai. This Article also prohibits subdivision of lots or consolidation of lots without the consent of the environmental committee in compliance with certain procedures.

Condominiums must have approval of the developer, C. Brewer Properties, Inc., under Article VI. No timesharing is permitted. There are specific limits on the nature and number of vehicles and other activities that would be deemed "unsightly", as well as preclusion of other activities such as unusual accumulations of trash, garbage, refuse, lumber and other bulky materials, including farm implements which are not consistent with the use of the land or not adequately screened from public view. There is also a limitation on excessive noise and light. Agricultural animals are limited to those approved by the environmental committee for the subdivision. Animals must be properly cared for, particularly livestock, poultry, fish and game.

This Article also limits the nature and size of signs. The Article precludes mining and drilling. Clearing and grading are subject to prior approval by the environmental committee and the County of Kauai. Cultivation of crops must be performed in a good, safe manner with environmental approval on methods used to control dust, insects, weeds, and drainage. Lot owners must protect against flooding and erosion and dangerous chemicals. They must also maintain their lots at all times so that they do not become overgrown and unsightly. Owners causing damage to Association property will be required to pay for it.

ARTICLE VII. REGULATION OF LAKE LOTS.

This Article deals with the regulation of the lots that surround the subdivision lake, including the operation of boats and the utilization of lots fronting the lake.

ARTICLE VIII. EASEMENTS.

Easements are to be granted through each lot for emergency repair and other items needful for the benefit of the subdivision.

ARTICLE IX. KALIHIWAI RIDGE ENVIRONMENTAL COMMITTEE.

This Article discusses the creation and maintenance of the environmental committee, including its initial members and

subsequent members. It outlines committee functions, including design review for all improvements to the subdivision lots and project limited common elements. This includes the requirement of the posting of improvement bonds in the amount of \$10,000.00 per Lot. The committee cannot assess a fee exceeding \$500.00 for the review of proposed plans. The committee can also adopt rules for its own procedures. Fines are discussed, including fines of over \$2,500.00 for engaging in construction without proper clearance and permission. These fines may be enforced as liens against individual lots for violative activity.

ARTICLE X. INSURANCE.

This Article outlines insurance requirements for the project, including minimum One Million Dollar liability coverage. Individual owners will be required to maintain insurance on their own lot.

ARTICLE XI. DESTRUCTION, CONDEMNATION AND RESTORATION OF KALIHIWAI RIDGE.

This Article deals with the condemnation of subdivision improvements by public authorities.

ARTICLE XII. EXPANSION OF KALIHIWAI RIDGE.

This Article addresses the Declarant's right to annex additional property, up to approximately three thousand acres of adjacent lands, to the Kalihiwai Subdivision and the means by which this may be accomplished.

ARTICLE XIII. ENFORCEMENT.

This Article discusses the method by which the rules of the subdivision may be enforced.

ARTICLE XIV. MISCELLANEOUS.

This Article has to do with many miscellaneous items. It includes the duration of the restrictive covenants, being initially for twenty years and an automatic extension for ten year terms unless and until seventy-five percent (75%) of the owners of lots vote to the contrary at least one year prior to the scheduled termination of the covenants. It also deals with amendments to the restrictive covenants requiring a two-thirds majority of the voting power of the Association. The amendment does not apply to the duration of the restrictive covenants, which can only be amended by one hundred percent (100%) vote. The same is true as to expansion of Kalihiwai Ridge. Other miscellaneous provisions are included, such as the means by which the restrictive covenants would be interpreted in a court of law, assignability of rights, severability of clauses that might be found illegal in similar matter.

END OF EXHIBIT H

EXHIBIT I

JOANN A. Y. MAYC LETTER (S) FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

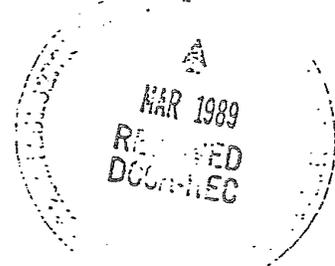
J. SHIGEMOTO
PLANNING DIRECTOR



ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

COUNTY OF KAUAI
PLANNING DEPARTMENT
4280 RICE STREET
LIHUE, KAUAI, HAWAII 96766



February 27, 1989

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
P. O. Box 3469
Honolulu, Hawaii 96801

Subject: Comments on Mauka Lani Condominium Report
Registration No. 2028 at Kilauea, Kauai, Hawaii
TMK: 5-2-17, Lot 24

Thank you for allowing this opportunity to comment.

After reviewing the subject document, we have the following comments to offer:

The number of limited common elements corresponds to the allowable unit density. The subject property is zoned Agriculture District (A) and Open District (O) and qualifies for five (5) units.

When applying for Zoning Permits with the Planning Department, the owners must be made aware that 75% of the owners, or their assignee, are required to sign the permit form. Should an assignee be designated, such assignee shall present proof of authorization from the 75% of the owners at the time a permit is applied for. This is a requirement because the Planning Department does not recognize the Condominium Report to be a legal subdivision of land.

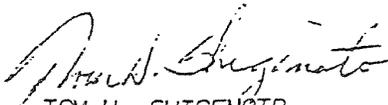
The uses on the limited common elements shall be limited to those listed as permissible within the "A" Agricultural District in the State Land Use Commission Rules and Regulations. Farm dwellings on the lot shall mean a

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
February 27, 1989

single-family dwelling located on and used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling.

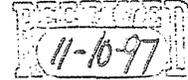
There should be a disclosure provision written into this and all ensuing condominium reports stating that approval of the report should not be misconstrued to mean that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply with all applicable County Codes and Ordinances. It should also be made clear that the Horizontal Property Regime (HPR) does not necessarily mean that all County requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County-approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emerging traffic, drainage facilities, etc., may not necessarily be provided for. Further, such services as County street maintenance and trash collection will not be available for interior road/roadways.

Should you have any questions, please feel free to contact Bryan Mamaclay of my staff at 245-3919.


TOM H. SHIGENOTO
Planning Director

COPY

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 Rice Street, Suite 473, Bldg. A,
Lihue, Hawaii 96766



M E M O R A N D U M

DATE: November 7, 1997

TO: Senior Condominium Specialist
Real Estate Commission
P&VLD/DCCA
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM:  Dee M. Crowell, Planning Director 

Subject: Certification of Inspection of Existing Buildings for

PROJECT NAME: MAUKA LANI CONDOMINIUM PROJECT
TAX MAP KEY: (4) 5-2-17:24

The developer of the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai (Section 514A-40 (b)(1), HRS). Subject to the disclosures and waiver (item "f" below) specified herein, we certify the following:

- a. The developer has contracted architect Avery H. Youn to certify that the existing structures on the proposed project are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by this department.
- b. There were no variances approved for the subject property.
- c. The parcel does not contain any outstanding legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.
- d. The current zoning for this parcel is Agriculture and Open.
- e. Recent on site inspections have shown that no violations of County Building or Zoning codes exists.

Senior Condominium Specialist
Page 2
October 9, 1997

COPY

f. WAIVER

The foregoing certification is not a warranty as to any compliance with all applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514A-40 (b)(1), Hawaii revised Statutes.

If you have any questions, please contact Alvin Fukushima of my staff at 241-6697

cc: STEVEN R. LEE

END OF EXHIBIT I