

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer IDEAL ACRES, L.P., a Hawaii limited partnership
Address 3208 Campanil Drive, Santa Barbara, CA 93107

Project Name (*): PARADISE ISLAND RANCH
Address: Kilauea, Kauai, Hawaii

Registration No. 2066
(Partial Conversion)

Effective date: February 9, 2001
Expiration date: March 9, 2002

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, if 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: (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 by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

X SUPPLEMENTARY: (pink) This report updates information contained in the:
[X] Preliminary Public Report dated: January 16, 1990
[X] Final Public Report dated: February 22, 1991
[] Supplementary Public Report dated:

And [X] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project

Required and attached to this report Not Required - Disclosures covered in this report.
Attached as Exhibit "G"

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.

Changes made are as follows:

The public report currently in use by the Real Estate Commission ("Commission") is different from the format upon which the Final Public Report for this project was issued back in February 22, 1991. Although this Supplementary Public Report must be read with earlier Final Public Report, a prospective purchaser desiring to compare the previous Final Public Report to this Supplementary Public Report should be aware that the information contained on a specific page of this Supplementary Public Report may not coincide to the same page number in the Final Public Report. Therefore, if a prospective purchaser wants to make comparisons between Reports, it is suggested that the Table of Contents be referred to, that the Developer be questioned as to any additional information desired and/or that an attorney be consulted for assistance.

SEE THE DISCLOSURE ABSTRACT ATTACHED TO THIS REPORT AS EXHIBIT "G"

1. The property on which the project is located has been subdivided and Unit 7 removed from the project. Units 5 and 6 were consolidated into a single unit and now known as Unit 5. There are now five units only. New unit sizes have been established, and new easements were created on-site and off-site. See the amended CPR Map and Exh. F.

2. The common interest/voting percentages have been equalized at 20% for each unit and there is a reserved right to create a guest house unit in the future by taking part of the land and common interest from the affected unit and giving it to a new Unit 6.

3. No units have been sold, and no association has been formed.

4. The Developer advises that new view and setback easements have been established on-site and over adjoining property, affecting several units of the Project and benefiting all units of the Project. Among other things, the easements will protect ocean views between units and the views of the valley parcel below.

5. Developer advises the litigation noted as the last encumbrance on the title report for the project involved a claim of right to use an off-site road known as Quarry Road, which abuts this project. It does not assert a claim to any part of the project, but as owner of a parcel which is entitled to use the road, the fee owner was named as an interested owner in an attempt to obtain similar access rights. No liability is asserted against the units in this project. Developer advises the litigation is in final

settlement stages of circulating documents, and the only relief being granted is access over the off-site roadway. The roadway is not owned by fee owner or developer of this project, and this project has no financial exposure.

6. This is a CONDOMINIUM PROJECT, not a subdivision. THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, WITHOUT COMPLIANCE WITH THEN-CURRENT CODES AND LAWS 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 COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

7. There are presently NO RESIDENTIAL STRUCTURES on the project. The only buildings are storage shed, pump house and shade structures, each of which may be defined as an "apartment" under the Condominium Property Act.

8. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.

9. 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.

10. Facilities and improvements normally associated with County approved subdivisions, such as improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance; trash collection is not currently available for interior driveways.

11. Owners will pay the cost of connecting to electric, telephone and similar services at their own expense. Connections are available on County of Kauai rights-of-way or in common elements. Absent further development, Unit owners will be required to connect to County of Kauai water system or drill wells for water or will be required to use a catchment system.

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: IDEAL ACRES, L.P., a Hawaii Phone: (805) 563-2509
Name* Limited Partnership (Business)
3208 Campanil Drive
Business Address
Santa Barbara, CA 93109

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):

Benjamin Bollag, President
Prime Parcels, Two, Inc.,
General Partner

Real Estate Broker*: Sleeping Giant Realty, Inc. Phone: (808) 245-8831
Name (Business)
4480 Ahukini Road
Business Address
Lihue, HI 96766

Escrow: First Hawaii Title Corporation Phone: (808) 828-6812
Name (Business)
5-5190 Kuhio Highway, B-6
Business Address
Hanalei, HI 96714

General Contractor*: Edward S. Bittner dba Phone: (808) 822-4053
Bittner Construction (Business)
Name
P.O. Box 456
Business Address
Anahola, HI 96703

Condominium Managing Agent*: Self-Managed by the Association Phone: _____
Name (Business)
of Apartment Owners
Business Address

Attorney for Developer: Steven R. Lee, Esq. Phone: (808) 246-1101
Name (Business)
4473 Pahe'e Street, Suite L
Business Address
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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 90-082927
Book _____ Page _____
 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]: See attached Page 6a.

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 Conveyances Condo Map No. 1333
 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]: See attached Page 6a.

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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 90-082928
Book _____ Page _____
 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]: See attached Page 6a.

AMENDMENTS TO DECLARATION AND CONDOMINIUM MAP NO. 1333:

The Declaration was amended by the following instruments: (undated), recorded as Document No. 90-100388, dated June 17, 1990 and recorded as Document No. 90-111091, dated November 13, 1990 and recorded as Document No. 90-178625 and dated February 1, 1991 and recorded as Document No. 92-051785.

The foregoing were amended and restated by the Amended and Restated Declaration of Condominium Property Regime dated October 2, 2000, recorded as Document No. 2000-141482. That Document was further amended by First Amendment to Amended and Restated Declaration dated November 3, 2000, and recorded as Document No. 2000-175317, then again by Second Amendment to Amended and Restated Declaration dated November 17, 2000, as Document No. 2000-175318.

AMENDMENT TO BYLAWS:

The Bylaws were amended and restated by the Amended and Restated Bylaws of Paradise Island Ranch dated October 2, 2000, recorded as Document No. 2000-141483, then again amended and restated by Document Dated October 23, 2000 as Document No. 2000-153219.

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 interest 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%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>75%</u>

* 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:

Developer reserved the right to grant easements over portions of the project for access and utilities. See Article VII, Easements, in the Amended and Restated Declaration of Condominium Property Regime dated October 2, 2000, recorded as Document No. 2000-141482.

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:

Address: Kilauea Agricultural Sub- Tax Map Key (TMK): (4) 5-2-12:9
division, Kilauea, Kauai,
Hawaii

Address TMK is expected to change because Each unit is
entitled to its own street address.

Land Area: 54.14 square feet acre(s) Zoning: Agriculture

Fee Owner: IDEAL ACRES, L.P., A
 Name Hawaii Limited Partnership
3208 Campanil Drive
 Address
Santa Barbara, CA 93109

Lessor: N/A
 Name
 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 6 Floors Per Building: 1
 Exhibit "C" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood (1-Storage Shed
 1-Pump House)
 Other Metal and shade cloth shade structures (4)

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning	
<input type="checkbox"/> Residential	_____	<input 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 checked="" type="checkbox"/> Agricultural	<u>5</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

- 4 Shade structures (Units 1, 2, 4 and 5)
 1 Wooden storage shed on Unit 5 plus shade structure
 1 Wooden storage building/pump house on Unit 3

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: Horses and domestic pets permitted. See Exhibit "H"

Number of Occupants: _____

Other: See Protective Covenants and House Rules

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>Shade shed</u>
<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>Shade shed</u>
<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>252</u>	<u>Storage Bldg/Pump</u>
<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>Shade shed House</u>
<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>Shade shed</u>
				<u>960</u>	<u>Storage shed</u>

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 Article II of 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: N/A

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.

7. Parking Stalls:

Total Parking Stalls:	<u>0*</u>			
	<u>Regular</u> <u>Covered Open</u>	<u>Compact</u> <u>Covered Open</u>	<u>Tandem</u> <u>Covered Open</u>	TOTAL
Assigned (for each unit)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>0</u>
Guest	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Covered & Open:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

There is ample room for parking in each Unit's limited common element.

Each apartment will have the exclusive use of at least 1 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):

N/A

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	<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:

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:

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

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 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 or your purchase and ownership of an apartment in the project.

Exhibit "F" describes the encumbrances against the title contained in the title report dated September 1, 2000 and issued by First Hawaii Title Corporation.

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.

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. 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>
N/A	

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

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

The shade sheds on Units 1, 2, 4 and 5 were completed in September 2000.

The storage building/pump house on Unit 3 is over twenty years old.

The storage shed on Unit 5 was completed in 1990.

H. Project Phases:

The developer [] has [x] 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):

N/A

IV. CONDOMINIUM MANAGEMENT

A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or Developer's affiliate
- self-managed by the Association of Apartment Owners Other: _____

B. **Estimate of Initial Maintenance Fees:** N/A, there are no common expenses.

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, a lien may be placed on your apartment and the apartment may be 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.

Exhibit N/A contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **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:

- None Electricity (___ Common Elements only ___ Common Elements & Apartments)
- Gas (___ Common Elements only ___ Common Elements & Apartments)
- Water Sewer Television Cable
- Other _____

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:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "B" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 12, 2000
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- 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 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 issued 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 and House Rules dated October 2, 2000 as Document No. 2000-141484; Puu Lani Phase II Subdivision and Kilauea Agricultural Subdivision.

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2666 filed with the Real Estate Commission on May 10, 1989.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

This is a condominium project, not a subdivision. Therefore, Units purchased are not subdivided lots. You will be required to comply with zoning codes and sign a Farm Dwelling Agreement to be allowed to construct a residence on your limited common element.

To determine whether your expectations can be realized, you should carefully review this Report. You should also conduct your own investigations and ascertain the validity of information provided. Please remember that issuance of this Report does not mean the Real Estate Commission has approved the project.

The County of Kauai Planning Department has advised that, 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 shall be required, consistent with the Declaration of Condominium Property Regime and the Bylaws. The Developer has a power of attorney to execute all Building Permit applications; after creation of the Unit Owner's Association, the President will have the power and duty to sign such application, and authorize individual to apply directly.

With reference to this project specifically, the permitted shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted under the Kauai County zoning ordinances. An agricultural residence may not be constructed unless the Unit Owner demonstrates to the County his ability to derive income from his/her property. Agricultural use must be established and verified prior to any building permit approval. Stringent residential building controls will be imposed by Kauai County. Owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Also, zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

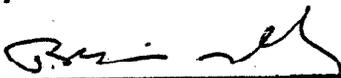
Please see cautionary and advisory letter from Kauai County Planning Department attached as Exhibit I.

- 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-] (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.

IDEAL ACRES, L.P.

Printed Name of Developer

By: PRIME PARCELS TWO, INC., General Partner

By:  10/4/00
 Duly Authorized Signatory*

BENJAMIN BOLLAG, PRESIDENT OF PRIME PARCELS TWO, INC.

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 B

SUMMARY OF SALES CONTRACT

The PARADISE ISLAND RANCH Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - (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) Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.
 - (d) After issuance of the Final Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.
 - (e) Purchaser has received a copy of the Escrow Agreement.
 - (f) The unit the Purchaser is purchasing is shown on the condominium map; Purchaser will have the right to cancel if the Unit is different from that shown on Exhibit A.
 - (g) That a deed conveying clear title will be given at closing, subject to certain obligations.
 - (h) The Purchaser agrees to give future easements if reasonably required for the project.
 - (i) Except for unexpired builder's statutory warranties and assignable appliance warranties, the Purchaser will accept the Unit "AS-IS". Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such conditions on the property.

(j) The payment of commissions, if any, is set out in the contract.

(k) Time is of the essence of the obligations of Purchaser under the contract.

(l) If Purchaser has defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, or obtain money damages.

SPECIAL NOTICE: THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL 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 NOT THIS SUMMARY.

END EXHIBIT "B"

EXHIBIT C

**SCHEDULE OF APARTMENTS AND COMMON INTERESTS
FOR PARADISE ISLAND RANCH CONDOMINIUM**

Qty.	Apt. No.	Area of Limited Common Element	No. of BR/BATH	Appx Net Living Area (Sq. Ft.)	Appx Farm Shed Area (Sq. Ft.)	% of Common Int.
1	1	9.56 AC	0	0	16	20
1	2	9.21 AC	0	0	16	20
1	3	9.55 AC	0	0	252	20
1	4	11.02 AC	0	0	16	20
2	5	10.64 AC	0	0	16	20
					960	

The common interest appurtenant to each unit shall be 20% for each unit in the Project, subject to the zoning requirements and amendments of the Condominium Map and the Declaration, each unit owner may use his unit, alter or add to its farm structure in any manner he deems desirable, so long as it is permitted by law and the Declaration of Protective Covenants and Restrictions. 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 together with their respective signatures. See Exhibit I for cautionary comments from the County of Kauai Planning Department. The common interest is also subject to modification for the possible future division of the Unit with a guest house, as set forth in Article XXV of the Amended and Restated Declaration of Condominium Property Regime for the Project.

END OF EXHIBIT C

EXHIBIT D
SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between FIRST HAWAII TITLE CORPORATION (the "Escrow"), and IDEAL ACRES, L.P. (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 funds will be paid to Seller.

3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected to cancel the contract as provided by HRS Sec. 514-A: 62 or 63 and receive all funds paid, with an Escrow cancellation fee of \$25.00 to \$250.00; or (b) the Real Estate Commission has not issued an effective date for a Final Public Report on the project or the Seller's requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met, in which case there shall be no escrow cancellation fee. Provisions of Hawaii's Owner-Occupant law do not apply to this project.

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, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the statutory 30-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00 nor more than \$250.00. If Buyer defaults for more than ten days in performing the purchase contract, Buyer will forfeit all deposits as liquidated damages.

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.

END OF EXHIBIT D

EXHIBIT E

Common Elements of the Project

The common elements of the project are:

- (a) The land in fee simple;
- (b) The access and utility easements;
- (c) All 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 elements and facilities in common use or necessary to the existence, upkeep and safety of the Project.

Limited Common Elements of Project

Certain parts of the common elements, herein referred to as the "limited common elements" are hereby designated and set aside for the exclusive use of one or more units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved as follows:

(a) That certain land area upon and around which Units 1, 2, 3, 4 and 5 are located, shown and designated on the Amended Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

Unit Number	Area of Limited Common Element
1	9.56 AC
2	9.21 AC
3	9.55 AC
4	11.02 AC
5	10.64 AC

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in that certain Letter Agreement dated July 10 1982, as set forth in that certain Deed dated December 2, 1972, recorded in the Bureau of Conveyances of the State of Hawaii in Book 8782, Page 1.

3. GRANT

In Favor Of: GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED, A Hawaii corporation, now
known as Verizon Hawaii, Inc., and CITIZENS
UTILITIES COMPANY, a Delaware corporation

Dated: September 14, 1978
Book: 13263
Page: 93
Purpose: granting an easement and temporary
right-of-entry for utility and incidental
purposes over, under across and through a
portion of the land herein described.

4. 100 year flood line, as shown on survey map prepared by Masao Fujishige, Registered Land Surveyor No. 1605, dated September 11, 1978.
5. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

DEED

Dated: November 8, 1978
Book: 13301
Page: 118
but omitting any covenants or restrictions,
if any, based upon race, color, religion,
sex, handicap, familial status, or national
origin unless and only to the extent that
said covenant (a) is exempt under Chapter
42, Section 3607 of the United States Code
or (b) relates to handicap but does not
discriminate against handicapped persons.

6. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY REGIME
 OF PARADISE ISLAND RANCH

Dated : March 27, 1990
Recorded : 90-082927
 but omitting any covenants or restrictions,
 if any, based upon race, color, religion,
 sex, handicap, familial status, or national
 origin unless and only to the extent that
 said covenant (a) is exempt under Chapter
 42, Section 3607 of the United States Code
 or (b) relates to handicap but does not
 discriminate against handicapped persons.

Condominium Map No.1333, to which reference is hereby made and any amendments thereto.

The foregoing was amended by the following instruments:
(undated), recorded as Document No. 90-100388, dated June 17,
1990 and recorded as Document No. 90-111091, dated November 13,
1990 and recorded as Document No. 90-178625 and dated February
1, 1991 and recorded as Document No. 92-051785.

The foregoing were amended and restated by the Amended and
Restated Declaration of Condominium Property Regime dated
October 2, 2000, recorded as Document No. 2000-141482. Said
amended and restated declaration was amended by documents
dated, respectively, dated November 3, 2000 and November 17,
2000 and recorded as Document No. 2000-175317 and Document No.
2000-175318.

7. The terms and provisions, including the failure to comply with the covenants, conditions and reservations, contained in the following:

INSTRUMENT: BYLAWS OF PARADISE ISLAND RANCH

Dated : March 27, 1990
Document No.: 2000-108195

The foregoing was amended and restated by the Amended and
Restated Bylaws of Paradise Island Ranch dated October 2, 2000,
recorded as Document No. 2000-141483. Then the Amended and
Restated Bylaws were again amended and restated by the Second
Amended and Restated Bylaws of Paradise Island Ranch dated
October 23, 2000, recorded as Document No. 2000-153219.

8. INSTRUMENT: DECLARATION OF PROTECTIVE COVENANTS AND HOUSE RULES FOR PARADISE ISLAND RANCH

Dated: October 2, 2000
Document No.: 2000-141484

9. WAIVER AND RELEASE

Made By: IDEAL ACRES, L.P., "Applicant"
Dated: July 24, 2000
Document No.: 2000-108195

10. Claims arising out of customary or traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.

11. CIVIL NO. 99-227 - FIFTH CIRCUIT COURT - STATE OF HAWAII

Plaintiff: ELIZABETH A. FREEMAN
Defendant: IDEAL ACRES, L.P. ETALS
Filed On: August 16, 1999
Pending

12. Grant of Exclusive Easement Use Easement VW-1, dated October 2, 2000, recorded as Document No. 2000-148919; Grant of Exclusive Use and Easement VW-2, dated October 2, 2000 recorded as Document No. 2000-148918; First Amendment to Grant of Exclusive Use and Easement of VW-1 and VW-2, dated December 14, 2000, recorded as Document No. 2000-177306; Grant of View and Limited Use Easement VW-1-A, dated December 7, 2000, recorded as Document No. 2000-175319; Grant of View and Limited Use Easement VW-3, dated December 7, 2000, recorded as Document No. 2000-175320; Grant of View and Limited Use Easement VW-4, dated December 7, 2000, recorded as Document No. 2000-175321; Grant of View and Limited Use Easement VW-5, dated December 7, 2000, recorded as Document No. 2000-175322; First Amendment to Grant of View and Limited Use Easements VW-3, VW-4 and VW-5, dated December 14, 2000 recorded as Document No. 2000-177307; Correction to First Amendment to Grant of View and Limited Use Easements VW-3, VW-4 and VW-5 dated January 5, 2001, recorded as Document No. 2001-004637; Grant of General Use Easement GU-1, dated November 15, 2000, recorded as Document No. 2000-175323; Grant of Utility Easement U-1, dated November 15, 2000, recorded as Document No. 2000-175324; Grant of Easement A-2, dated November 15, 2000, recorded as Document No. 2000-175325; Grant of Easement SB-1, dated November 15, 2000, recorded as Document No. 2000-175326; Grant of Easement SB-2, dated November 15, 2000, recorded as Document No. 2000-175327.

13. For Real Property Taxes due and payable, refer to Director of Finance, County of Kauai.

END EXHIBIT F

EXHIBIT "G"

AMENDED DISCLOSURE ABSTRACT FOR
PARADISE ISLAND RANCH

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of PARADISE ISLAND RANCH makes the following disclosures:

1. The Developer of the project is IDEAL ACRES L.P., a Hawaii limited partnership, 3208 Campanil Drive, Santa Barbara, CA 93109 and his telephone number is (805) 563-2509.

2. There has been a change in ownership since the final public report to Ideal Acres L.P., a Hawaii Limited Partnership.

3. There are no maintenance fees for the Project so there is no maintenance fee exhibit.

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

5. All of the apartments of the project are to be used for agricultural purposes only and permitted residential use within the agricultural zone. No unit will be used for hotel use; these are condominium units in which residential use is permitted, but hotel use is not. No commercial uses except as permitted by Kauai County ordinances are allowed.

6. The realtor for the project is: Debra H. Blachowiak (R) Sleeping Giant Realty, Inc. 4480 Ahukini Road, Lihua, HI 96766; telephone number (808) 245-8831.

7. The Developer 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 no depreciable common elements in the Project.

8. The escrow company to be used for the Project is First Hawaii Title Corporation, whose address is 5-5190 Kuhio Hwy., Suite B-6, Hanalei, HI 96714 and whose telephone number is 826-6812.

IDEAL ACRES, L.P.
By: PRIME PARCELS TWO, INC., Gen. Ptnr.


BENJAMIN BOLLAG, President

10/4/00
Date

RECEIPT
The undersigned has received a copy of the foregoing Amended Disclosure Abstract with Exhibit H this _____ day of _____, 2000.

Purchaser(s): _____

EXHIBIT H

SUMMARY OF PROTECTIVE COVENANTS AND HOUSE RULES FOR PARADISE ISLAND RANCH

This is a summary of the recorded Declaration of Protective Covenants and House Rules ("House Rules") for the Project. It is not meant to completely recite the provisions of the House Rules, nor cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full SEVEN-PAGE copy of the House Rules from the Developer prior to entering into an agreement to purchase a unit in this Project.

Building Permits. Any owner desiring to construct improvements on a unit will have to comply with County of Kauai building and zoning codes.

Water and Utilities. Each unit owner will be required to connect water, electricity and telephone to his/her improvements at his/her own cost and expense. Individual unit utility installations must be placed under ground.

Wastewater Treatment. Each unit will be required to have its own state-approved wastewater treatment system located within its own limited common element area.

Roadway. The common roadway is unimproved; future improvements will be at association expense.

Farming. Units in the Project may be required to engage in agricultural activity as a condition precedent to the ability to build or occupy a "Farm Dwelling." Farming must be done with properly maintained and fully-operational vehicles and equipment.

Construction. There are limits on materials and types of construction, as well as maintenance of property and construction activities.

Pets and Farm Animals. There are restrictions on types and numbers of animals. Domestic pets and horses are permitted in reasonable numbers.

Noise in General. There are limitations on the levels of noise and dust permissible within the Project.

Common Area Land. The Association shall determine and control use of the common area land and shared common elements.

Noxious Activities. There are restrictions regarding the spraying of chemicals and pesticides.

Common Element Expenses and Enforcement. The Association shall provide for common area expenses necessary to maintain the project in acceptable condition.

Repeal or Modification. These Covenants may be modified by an affirmative vote of the holders of 75% of the common interests in the Project.

Arbitration. Disputes concerning any unit owner, the Association, its Board, Managing Agent or the condominium documents shall be submitted to arbitration.

END OF EXHIBIT E

EXHIBIT "I"

JCANN A. YUKIMUFA
MAYOR



TOM H. SHIGEMOTO
PLANNING DIRECTOR

ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3319

COUNTY OF KAUAI
PLANNING DEPARTMENT
4280 RICE STREET
LIHUE, KAUAI, HAWAII 96786

June 20, 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 Paradise Island Ranch Agricultural Condominium Report
Registration No. 2066 at Kilauea, Kauai, Hawaii
Tax Map Key: 5-2-12:09

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

The amount of limited common elements does not correspond to the allowable unit density permitted by the CZD. The subject property is zoned 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(s). 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 mean a single-family dwelling located on and used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling.

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
June 20, 1989

The declaration of protective covenants states that certain types of animals are restricted. While this is a private matter, it appears to detract from the stated purpose of agricultural lands.

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/driveways.

Because there are more than one farm dwelling proposed/permitted, the landowners, pursuant to the County Farm Dwelling Agreement, should be made aware that any dwelling(s) constructed after the first one will require an inspection of the property by the Planning Department to verify whether agricultural activities are being conducted on the property. If not, such permits to construct additional farm dwellings could be denied.

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


TOM H. SHIGEMOTO
Planning Director

END OF EXHIBIT I